LAW OFFICE OF MARC CHYTILO

ENVIRONMENTAL LAW

July 2, 2015

County of Santa Barbara
Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101

By hand delivery and by email to
sbcob@co.santa-barbara.ca.us

RE: Standard Portfolios' Appeal of Director Russell's Denial of the Santa Barbara Ranch Inland Development Agreement Transfer Request

Dear Chair Wolf and Members of the Board of Supervisors,

This letter is submitted by the Law Office of Marc Chytilo on behalf of the Naples Coalition and by the Environmental Defense Center (EDC) on behalf of EDC and the Santa Barbara Chapter of the Surfrider Foundation. As discussed below, the Santa Barbara Ranch (SBR) Project is the wrong project for this exceptional coastal property. It began to collapse under its own weight shortly after the County approved it in 2008, for developer Matt Osgood defaulted on his $63 million loan shortly thereafter and in 2010 lender First Bank assumed ownership of the property and, eventually, the Inland Development Agreement (IDA). The original failed-developer is now back, leading the development team for new owner Standard Portfolios and seeking Board consent to transfer the IDA. Discussed below, Standard Portfolios has not established that it possesses the reputation and financial resources necessary to perform the obligations proposed to be assumed. Accordingly **we request that the Board deny the appeal, and deny Standard Portfolio's request that the County consent to the Transfer Agreement**.

The IDA both extends the lifetime of the inland approvals, and allows the Project to proceed many years later immune from any changes to County ordinances (including the forthcoming requirements of the Gaviota Coast Plan). The 2008 approvals languished through First Bank's unsuccessful attempts to sell the distressed property, while conditions on the ground continued to change. The County is limited in its ability to respond effectively to changed conditions, including the drought, with the IDA in place. Moreover, the key public benefit of the IDA – implementation of the Dos Pueblos Creek Restoration Plan - is contingent on Dos Pueblos Ranch's (DPR) consent and recordation of the Agricultural Conservation Easement (ACE), among other things. The ACE, which is also the linchpin of the entire SBR Project, has still not been recorded and may never be. Fortunately, the Board's approval documents make clear that the IDA is not effective until the ACE is recorded. Because the ACE has not been recorded, the IDA is not effective and may be lawfully rescinded by the Board. To effectively respond to changed conditions and ensure that public benefits of the IDA are actually conferred and that the project that ultimately proceeds is financially and environmentally sound, **we request that the Board rescind the IDA**.

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1. Standard Portfolios Failed to Make the Required Showing to Gain Board Consent for the Transfer Agreement

The IDA provides that "Developer shall seek County's prior written consent to any Transfer Agreement" and that "County may refuse to give its consent only if, in light of the proposed transferee's reputation and financial resources, such transferee would not in County's reasonable opinion be able to perform the obligations proposed to be assumed by such transferee." (IDA § 8.02 (b).) The Transfer Agreement delineates the interests, rights, and obligations proposed to be assumed by Standard Portfolios broadly, as including "**all of Seller's [SBRHC, Inc.'s] interests, rights, and obligations**, as "Developer" and otherwise, under the Inland Development Agreement, the Inland Project Approvals, and the Subsequent Project Approvals." (Transfer Agreement, 11/26/14, ¶ 3, (emphasis added).)

Standard Portfolios' IDA Transfer Application (April 30, 2015) is short on substance, and fails to include sufficient information to establish that Standard Portfolios possesses the reputation and financial resources necessary to perform the obligations proposed to be assumed.

a. Standard Portfolios Has Not Established that it Possesses the Financial Resources Necessary to Perform its Obligations

With respect to financial resources, the Transfer Application provides only one tangible piece of information: that Standard Portfolios has placed $2,000,000 in an escrow account to be used exclusively to fund any of the Developer's obligations that may arise under the IDA. (Transfer Application, p. 10[1].) The Transfer Application contends that this $2 million, in addition to the fact that Standard Portfolios paid $45 million for the property, demonstrates that Standard Portfolios has the financial resources to perform the Developer's obligations under the IDA. (Transfer Application, p. 11.) Notably, Standard Portfolios encumbered the property upon purchase for $27.5M to Arbor Realty, and thus has only $17.5M of its own money invested in this project.

There has only been opportunity for a cursory review of the Creek Restoration Plan required by the IDA, and limited opportunity for site inspection to gauge its adequacy. Although it only addresses a 3 mile stretch of Dos Pueblos Creek, it entails removing four Arizona crossings, directing flow around an existing concrete section that feeds a diversionary weir, extensive geomorphological work in the creek bed, and modifications to the Caltrans bridge that serves as a barrier to fish passage. (*See* Dos Pueblos Creek Restoration Plan, April 2015, p. 13-15.) It is estimated that implementation of the Creek Restoration Plan will cost at least $10 to $20 Million to complete. Even $2 million accordingly is insufficient to "offer all reasonable assistance to accomplish [implementation of the Creek Restoration Plan]" (IDA § 2.02 (a).) Additional funding for the Creek Restoration Plan implementation is merely a small fraction of the overall financial resources that will

[1] The Transfer Application lacks page numbers; to allow for easy reference to the document this letter assigns page numbers from 1-50, starting with the cover.

be necessary to fulfill the Developer's obligations under the IDA, Inland Project Approvals, and Subsequent Project Approvals, proposed to be assumed in the Transfer Agreement (*see* Transfer Agreement, 11/26/14, ¶ 3). Given the enormity of the efforts required to restore the heavily impacted Dos Pueblos Creek, no credible NGO is likely to step up and assume the responsibility to implement the Dos Pueblos Creek Restoration Plan without substantial additional developer funds, and the so-called "benefits" of the IDA will prove to be illusory.

Other financial information provided in the Transfer Application is vague and amorphous and does not adequately describe what financial resources are available to Standard Portfolios for this Project. Each reference in the Transfer Application to Standard Portfolios financial assets and liabilities lumps Standard Portfolios together with "its affiliated entities" (*See* Transfer Application p. 23 (Standard Portfolios & Affiliated Entities Financial Statement), p. 47 (Arbor Realty letter, 3/16/15)). The Transfer Application and other submittals do not describe what portion of these generalized assets Standard Portfolios is able and willing to direct to the SBR Project.

Based on the financial information provided, it is unknown whether Standard Portfolios possesses the financial resources necessary to perform the obligations proposed to be assumed.

b. Standard Portfolios Has Not Established that It Possess the Reputation Necessary to Perform its Obligations

With respect to the reputation of Standard Portfolios itself, scant information is provided in the Transfer Application. The Application states generally that:

> Standard Portfolios and its affiliated entities have been investing in real estate for more than a decade and have acquired and/or developed real estate in multiple stares across the US. Through this experience and multiple transactions, Standard Portfolios has established an outstanding reputation for cooperatively working with and fulfilling obligations and commitments made to governmental agencies in connection with those projects.

(Transfer Application, p. 12.) This statement fails to describe the type of real estate investment Standard Portfolios "and its affiliated entities" have developed and whether it bears any relationship whatsoever to the SBR Project, where these development projects/investment properties are located, and whether those developments were implemented successfully. Publically available information suggests that Standard Portfolios' experience is limited to buying rental-apartment buildings in urban areas.

With respect to the reputation of the team Standard Portfolios has assembled, there are very significant red flags. First, Greg Garmon of Standard Portfolios was previously CEO of The Bethany Group. According to publically available information,

> Having filed for Chapter 11 bankruptcy protection, the company revealed that it had to walk away from most of its properties, many of which have since been deemed abandoned by the court system and handed over to a collection of receivers that will manage the communities until the lender officially forecloses on them. The Bethany Group website has been taken down and calls to its headquarters, local offices and even property managers go unanswered or straight to a full voice mail box.

(Exhibit A, "What Happens When the Money Well Dries Up", GlobeSt.com, 1/1/09.)

Second, Matt Osgood of Vintage Pacific Holding Co is identified as the Development Consultant through which the remainder of the team is managed (*see* Development Team – Organizational Chart, Transfer Application, p. 15.) The Transfer Application lauds Mr. Osgood's experience with the SBR Project in 1998, but fails to disclose that Mr. Osgood failed rather spectacularly subsequent to 1998 – defaulting on his $63 million loan to First Bank, and losing the property to foreclosure. (*See* Exhibit B, "Death, Dollars, and Development - Controversial Naples Plan on the Rocks", Santa Barbara Independent, 1/26/11.) Despite the foreclosure, Mr. Osgood continued to represent that he owned the development rights under the IDA, including at a public hearing before the Board of Supervisors, and even filed an unsuccessful lawsuit against First Bank to establish that he possessed continuing rights under the IDA that were not acquired through foreclosure.

Standard Portfolios has not established that it or its team possess the reputation necessary to perform the obligations proposed to be assumed. Based on the information available publically, it appears that Standard Portfolios and its team's reputation is one that gets in over its head and walks away when things get tough.

2. <u>The IDA Is Not Effective and Current Conditions Warrant Its Rescission</u>

The IDA locks in the inland SBR Project approvals, giving the developer substantial benefits including tolling deadlines and insulating the development from changes in County ordinances (including the forthcoming requirements of the Gaviota Coast Plan). In exchange, the developer must provide certain public benefits, largely related to Dos Pueblos Creek restoration. As discussed below, however, actual *implementation* of the Dos Pueblos Creek Restoration Plan is contingent on DPR's consent and recordation of the ACE, among other things, and DPR has retained considerable leverage to thwart both the Project and Dos Pueblos Creek restoration by withholding ACE recordation.

Fortunately the Board is not required to accept this uncertainty and proceed with its hands tied. According to Ordinance 4694, which adopted the IDA, the Agreement "shall not become effective until . . . the effective date of approval of WA-ACE Easement Exchange Case No. 05AGP-00000-00011." (Board Development Agreements Adoption, Attachment B-6, at p. 1 (Oct. 21, 2008).) The Board Resolution that would approve the WA-ACE Easement Exchange expressly states

that approval of the WA-ACE Easement Exchange is "tentative" and will not become "final" until several conditions are met, including:

> a. The Applicant and landowner of Dos Pueblos Ranch shall finalize and *record* ACE documents encumbering the area described in Exhibit "2-B" . . . .
>
> b. The landowner of Dos Pueblos Ranch shall *execute and record* a replacement Williamson Act Contract covering the area described in Exhibit "2-C."
>
> c. The Applicant and landowner of Dos Pueblos Ranch shall submit the Rescission Agreement . . . to the Department of Conservation for its approval pursuant to Government Code Section 51256.1 and *record* the Agreement upon its approval.

(WA-ACE Easement Exchange, Attachment B-7, at p. 8 (Oct. 21, 2009) (emphasis added).) There is no evidence that the landowner(s) of Dos Pueblos Ranch have recorded these ACE documents.

Recordation of the ACE is not only a precondition to effectiveness of the IDA; it is also a precondition for implementation of Dos Pueblos Creek restoration – the key public benefit of the IDA. Specifically the IDA provides:

> Implementation of the Creek Restoration Plan will be subject to and will not occur until:
>
> i. the approval and permitting of the Creek Restoration Plan by governmental agencies as required by law,
>
> ii. final approval *and recordation* of an Agricultural Conservation Easement from the California Department of Conservation with respect to the Inland Project Site,
>
> iii. withdrawal of the Notice of Violation issued by the California Department of Fish & Game and the claims asserted in that notice, and
>
> iv. consent of Dos Pueblos Ranch with respect to the activities that occur on Dos Pueblos Ranch.[2]

(IDA § 2.02 (a) (emphasis added).)

DPR meanwhile has reserved the right to refuse to provide the ACE and otherwise participate in the Project as follows:

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[2] Note, DPR could thwart implementation of the Creek Restoration Plan either by failing to record the ACE, or by failing to consent to activities that occur on DPR.

> ***DPR has the express right not to participate in Alternative 1 in the event that EITHER*** the County or Coastal Commission imposes conditions of approval that would substantially alter Alternative 1 as described above, ***OR*** if the County or Coastal Commission imposes any of the following conditions:
>
> - Any condition of any type concerning DP-19;
>
> - Any condition for public access on or public use of the South DPR Land or the Designated Remainder, *except that DPR will grant* an easement for a public trail adjacent to and northerly of the Highway 101 right of way (the DeAnza Trail);
>
> - Any obligation to restore, enhance or rehabilitate Dos Pueblos Creek or its riparian habitat;
>
> - Any changes in zoning that limit the size or nature of buildings which can be placed on the Designated Remainder or the South DPR Land beyond those presently in effect under the current zoning or limit the height of such buildings to less than 25 feet or less than current zoning; or
>
> - Any requirement that current legally non-conforming uses or structures on the DPR Land be terminated or removed except to the extent required by currently applicable County ordinances or other currently applicable land use regulations, provided that DPR will accept any conditions required to bring non-conforming structures into compliance with current standards and any conditions that require removal of any non-legal non-conforming structures.

(Exhibit C, DPR Conditions Letter, 6/16/08 (emphasis in original).)

Pursuant to the express terms of its participation (also codified in a legal agreement between SBR and DPR, "Purchase Agreement and Joint Escrow Instructions", 10/23/07, attached hereto as Exhibit D), DPR can thwart both the implementation of Dos Pueblos Creek restoration and the Project itself on any number of bases. Given that the Project approved by the County included no beach access, and that Dos Pueblos Creek is the location identified in the County's Local Coastal Program (LCP) for public beach access (*see* LCP Policy 7-18), the Coastal Commission is very likely to impose access there which will release DPR from any obligation to perform. To complicate matters further, DPR or a portion thereof reportedly is in escrow. If, as reports indicate, only the inland portion of the Project has sold, it is unclear whether the inland buyer, the coastal owner(s), both, or neither, are presently obligated to provide the ACE, and on what terms.

The considerable uncertainty created by the caveats DPR has placed on its involvement calls into question whether the main public benefit of the IDA – implementation of the Creek Restoration Plan – will ever be realized. Meanwhile the County is precluded from applying new requirements to the property as necessary to address changed circumstances such as the prolonged drought that has

severely affected Gaviota Coast agricultural properties. Under these circumstances, we believe the best approach is for the Board to rescind the IDA.

3. Conclusion

The Naples property requires a sensitively designed Project that strikes an appropriate balance between open space preservation, public access, agricultural resource protection, and residential development. The Board should rescind the IDA because it ties the County's hands, and because – as discussed above – the County is not assured that any alleged benefits of the agreement will be realized. In addition, the Board should deny Standard Portfolio's appeal because the application fails to demonstrate sufficient financial resources or reputation to satisfy the obligations proposed to be assumed in the Transfer Agreement.

Thank you for your consideration.

Respectfully submitted.

LAW OFFICE OF MARC CHYTILO

Ana Citrin
Marc Chytilo
For Naples Coalition

ENVIRONMENTAL DEFENSE CENTER

Linda Krop
For EDC and the Santa Barbara Chapter of the Surfrider Foundation

Exhibits:

Exhibit A: "What Happens When the Money Well Dries Up", GlobeSt.com, 1/1/09

Exhibit B: "Death, Dollars, and Development - Controversial Naples Plan on the Rocks", Santa Barbara Independent, 1/26/11

Exhibit C: DPR Conditions Letter, 6/16/08

Exhibit D: SBR-DPR Purchase Agreement and Joint Escrow Instructions, 10/23/07 (excluding exhibits B-R).

CC: Director Glenn Russell
Assistant Director Dianne Black
Nicole Lieu, Planner

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What Happens When the Money Well Dries Up

By Sule Aygoren Carranza

IRVINE, CA-An apartment investment company that built up a considerable portfolio during the halcyon days of the capital markets is now seeing its fortunes crumble as the financial industry tanks. Bethany Holdings Group, a locally based umbrella firm that specialized primarily in value-add multifamily plays, is now seeing the bulk of its residential property portfolio dispersed to a handful of distressed receiverships.

Bethany invested in its first property in 2004. Over the next several years, the hyper-liquid financing environment allowed the firm to snap up some rather large portfolios. In 2006, the company got a $159-million loan from GE Real Estate to buy and renovate a 2,873-unit portfolio of properties in Florida, Texas and South Carolina it acquired from Aimco, an apartment REIT. The following year, Bethany was able to reduce its capital costs and replace that floating-rate debt with another GE Real Estate loan—this time for $156.5 million. That five-year, fixed-rate, interest-only debt included a $130.5-million CMBS A-note and a $26-million mezzanine note that GE held on its own books.

Also in 2007, Bethany set records in Arizona when it shelled out $427.5 million to Greater Phoenix Bascom Arizona Ventures LLC for a 12-property, 5,178-unit portfolio. The firm planned to spend another $50 million in upgrades to the communities over the next couple of years. At the time, the package was about 91% occupied. Bethany funded that purchase with a kick-in from a private equity investor, as well as 90% financing from Lehman Brothers and a 20% mezzanine piece.

Within five years of its initial purchase, Bethany had grown its holdings to more than 15,000 residential units in some 60 communities across the US that it held through several subsidiaries and affiliates.

A look at the firm today tells an entirely different story. Having filed for Chapter 11 bankruptcy protection, the company revealed that it had to walk away from most of its properties, many of which have since been deemed abandoned by the court system and handed over to a collection of receivers that will manage the communities until the lender officially forecloses on them. The Bethany Group website has been taken down and calls to its headquarters, local offices and even property managers go unanswered or straight to a full voice mailbox.

After several attempts, GlobeSt.com was able to make contact with Bethany Group CEO Gregory P. Garmon. The executive maintains that while there's no denying there were problems, "abandoned" is not the appropriate way to characterize the situation. He relates that the company's management was "working diligently behind the scenes with the lenders, bankruptcy attorneys and local Bethany vice presidents to solidify a smooth transition of our apartments. Unfortunately, we were unable to control the delays from partners' decisions, lender follow-through and legal receivership stipulations in order to spring open the lender bank account lock boxes, where millions of dollars were being held."

EXHIBIT A

Garmon explains that the firm had no access to the funds collected in rents, or capital reserves which would have gone toward payroll and utilities. In fact, the lenders continued to "underfund" operating expenses for months, he says, which led to their deteriorated condition and the company's inability to pay some of its workers. Referring to its institutional partner, Garmon tells GlobeSt, "Our failure was waiting too long and trusting the outside investor's promises to recapitalize our company." The majority ownership buyout stalled, and the firm was left with too little time to put together a "decisive" exit strategy.

Ultimately, the team's hand was forced, says Garmon. "We ended up with no choice but to wait for lenders to show up and take over," despite having invested millions of dollars to cover payroll, utility shutoffs, liens and levies, he states. "Unfortunately this went from days to several weeks on several portfolios. When the recap stalled, we had only two viable options: reorganizing under Chapter 11 bankruptcy protection or turning the properties back to the lenders under a receivership." The firm chose both options; it initiated the receivership process and let go of most of its holdings, while including the rest in its bankruptcy filing.

Receivers are neutral third parties that are appointed by a state or federal court to take legal possession of the property. These groups are never the owners of the assets, but rather, earn fees for their work—protecting the value of the asset that serves as collateral for the defaulted paper. Meanwhile, the lender is shielded from liability because the receiver takes possession of and operates the business, but the lender does have to be prepared to fund losses of the business in order to meet operating costs. All the income generated by the property goes into a receivership estate that the borrower cannot access. Trigild Inc. of San Diego is one of the firms appointed to oversee the Bethany portfolio. Court-appointed receivers typically have to work quickly; assignments can come within as little as 24 hours. And although they act as independent third parties, it's usually a receiver's duty to preserve any value remaining in the properties they take possession of, and if possible, enhance the value so the lender—the eventual owner after the foreclosure—can recover as much as possible.

In most cases, the receiver also handles the disposition of the asset. "These are all solid properties with positive cash flow, which represent the very foundation of the lenders' security for their loans," says Bill Hoffman, president and founder of Trigild. And in today's market, he points out, receivers are increasingly able to sell off the properties before they are foreclosed upon. "That's a strange development in recent years that we haven't seen before," he says, adding that's the case with at least 80% to 90% of the assets. "It makes sense to have the receiver sell the property, especially in downturns, because the sooner you get a property on the market and sell it, the more you're probably going to get right now. I don't have any lender client who would say the price would be better if you wait six months."

Though he admits it's only a guess, Hoffman believes the former Bethany properties will likely take that route. The receiver can get them on the market within weeks, rather than months, as is the case with the foreclosure and REO process.

Before that happens, however, the firm has some immediate issues to tackle. After having received no maintenance or care for weeks, many of the Bethany Group properties were in dire condition by the time Trigild came into the picture. Local newspapers told stories of trash bins piling up and overflowing at the complexes; the water in some swimming pools turning

thick and green with lack of cleaning; insect infestations; and notices to tenants that the buildings' electricity, water or gas was to be shut off. Further, many employees at the sites, as well as contractors and vendors, had gone weeks without receiving paychecks.

The Trigild team was on site within hours of the court order and within a week or two, there reportedly was some semblance of normalcy for the tenants at the properties. It was also able to get approval to pay former Bethany employees, many of which Trigild retained and brought onto its payroll.

"Legally, I'm not supposed to take what is now the bank's money and pay the borrower's debts, so it's not appropriate for the receiver to pay the borrower's unpaid payroll," says Hoffman. "Nonetheless, most lenders and servicers understand it's for the benefit of the property to be sure we pay and retain these people."

In fact, Trigild immediately gave each worker $500 to get by with until the payroll issues were sorted out; Hoffman says actual paychecks started going out last week.

As Garmon tells it, the issue here wasn't poor management but rather, the lenders' unwillingness to provide Bethany with the funds it needed to operate the property portfolios—not to mention the fact that most of the capital sources it did business with went through their own collapse. For the majority of the assets, the firm's business plan was to invest $8,000 to $12,000 a door in renovations and upgrades. "The real precursor to our demise was due to the amount of high leverage we borrowed with Lehman Brothers," he explains. "Some of these portfolios were 93% to 95% leveraged." The high mortgage levels made the debt service coverage tests onerous, says Garmon. One group of properties, for instance, had to maintain at least a 98% economic occupancy in order to receive the remaining 50% of the capital being held by the lender in order to finish the renovation.

"Our failure was recognizing how the lenders would calculate this funding test prior to signing the loan documents, or before the DSCR Test was given. There was clearly ambiguity in favor of the lenders on whether they funded," he explains. "With more than $40 million in untapped capital funds that we were paying interest on and no access to the capital reserves, the accounts payables began to rise and the assets became extremely challenged to find vendors and buy supplies to maintain the properties to an appropriate standard."

Further, the lender interest reserves on the property were being wiped out as the lender/servicer tried to cover B- and C-note holders and rent collections in lender-sweep bank accounts totally controlled by the lender/servicer. Those rents were being collected for debt coverage at higher amounts resulting, which cause shortfalls in monthly lender expense reimbursements. "In some cases, toward the end of 2008, the lender wasn't even funding enough to cover the monthly payroll or utilities, let alone to pay any vendor payments," Garmon adds.

In addition to the 13 assets it just took control of, Hoffman says Trigild expects to see more Bethany properties in Texas coming its way in the near future. "Law firms and lenders tell us they have properties they'll need our help on," he says.

Yet those Texas assets—12 in all—along with four properties in Maryland, are part of Bethany's bankruptcy protection filing. The firm hopes to reorganize about 5,000 units, although Garmon notes, "I anticipate that these portfolios will end up in a much different structure than they reside today. We will ultimately be a facilitator and not a successor in this process."

The process of restoring those apartments and paying the employees at those complexes is slow and painstaking. The firm did receive interim approval from US Bankruptcy Court to use cash collateral to pay their expenses on the three Maryland portfolios, including debt payments, utilities, maintenance and payroll—approximately $350,000 in unpaid wages dating back from Feb. 1. The court handed over property management of the 16 properties to Investor Property Services, which has hired most of the workers that were at the communities.

As Bethany tries to salvage whatever it can from its operations, Trigild's Hoffman is gearing up for an increase in new receivership business. All the highly leveraged financing deals done in the past few years are set to mature over the next couple of years, and lenders aren't willing to refinance many of them. At the same time, owners are dealing with performance metrics that are falling short of their pro formas. The receivership arena started to pick up gradually toward the end of 2007, but Hoffman notes that observers in the banking industry saw the fallout coming prior to that. "The common conversation in mid-2007 was that this bubble will eventually burst, but we don't know when," he says. "The subprime bubble hit first, and then it hit commercial lenders, many of which held bonds in those pools. All the senior people in banking, at least the ones I know, saw it coming, and they told me we'd better gear up" for more business.

The initial pick-up in receiverships was first seen in condo projects because owners are more likely to walk away from their debt obligations since many of them bought the units as investments, according to Hoffman. "On the individual units, a lot of the loans are non-recourse so the borrowers can just walk away," he relates. "In the larger developments, even if the debt is full recourse and guaranteed, the borrower may not have anything left to get at anyway, so the value of the property is really all that's left for the lender."

It then trickled down to the single-family sector, as homebuilders with unfinished or unsold developments fail to meet their debt obligations.

Further, the full impact of creative financing structures and the increased use of securitization in mortgages is yet to be felt in the industry, contends Hoffman. If what he's hearing from lenders is any indication, there will be a massive wave of commercial properties entering the receivership arena due to loan defaults. "From a real estate basis, I don't think we're even near the bottom yet," he says. "If I look at our pipeline—and by that I mean all the projects we've been told to get ready for—we still have a long way to go in terms of getting into that inventory. And it's not going to be easy to dispose of, at least without some very serious discounts."

Once that happens, it will have a snowball effect on the industry, bringing values down across the board, Hoffman notes—but that's not necessarily a bad thing since it will help bring values

down to more reasonable levels and help get the liquidity flowing again. “Say you’re a borrower and your loan-to-value when you closed the deal was 80%, but now it’s really 120%. It’s going to cause a massive shakeout,” he says. “But like every other down cycle, there are tremendous opportunities. I have no doubt that five years from now, maybe a little longer than that, we’ll all be reading stories about real estate geniuses that amassed great fortunes around the country.”

Death, Dollars, and Development

By Ethan Stewart (Contact)

Wednesday, January 26, 2011

Paul Wellman (file)

Matt Osgood

Controversial Naples Plan on the Rocks

When über-rich part-time Montecito resident Steve Posner died tragically in a high-speed boat crash late last year, Matt Osgood's last best chance at seeing his infamous Naples vision become a reality might very well have gone along with him. According to Osgood, just days before Posner's death in the waters of Miami, a deal had been brokered between the two men that would have provided Osgood the capital necessary to buy back the ownership role of the storied and sprawling eastern Gaviota property that he lost last spring after defaulting on his $63 million loan. Now, with time all but expired on his "first refusal" chance to purchase the parcels back from Missouri-based First Bank, and myriad other factors conspiring against him, Osgood is anything but optimistic about the possibility—or even his desires—to get a deal done with the bank. Explaining first that he remains in "limited ongoing negotiations" with First Bank, Osgood admitted early this week, "I'm just not going to get into this again unless it is set up for success … I believe in the project I got approved, but I am not going to spend another decade of my life on something that might never happen."

EXHIBIT B

Paul Wellman (file)

Naples coastline

Despite earning a controversial 3-2 vote of approval from the county supervisors in October 2008 for a development scheme that included, among other things, 70-plus large-scale luxury homes, dozens more associated outbuildings, equestrian facilities, and a large agricultural conservation easement (ACE), Osgood hasn't made an inch of progress toward actual building in the two years since. Rabidly opposed by community members and numerous environmental groups, the project has been in a weird litigation-filled limbo land that has only become less development friendly thanks to a crashed out state economy and a new board majority on the Board of Supervisors. And so it went until Osgood missed millions of dollars' worth of payments on his First Bank loan, and the company was forced to foreclose on him last spring. However, even with the shakeup, Osgood very much remained in the game, reaching an agreement with First Bank that gave him six months' worth of "first refusal" rights should he find a suitable investor.

Enter Posner, a real estate baron and former corporate raider with alleged ties to Michael Milken and Ivan Boesky who was known well in Santa Barbara's restaurant circles for living large and tipping well. Osgood and Posner had been talking Naples even before the foreclosure and after the former turned up the heat in his talks to such a degree that the two were, in Osgood's words, "absolutely" on track to buy the property for somewhere south of $50 million. The alleged deal, however, was not without its own intrigue as Osgood, claiming that First Bank was shopping the Naples parcels to various third parties without disclosing his continued connection to the project and, in some cases, working to slander the Orange County-based developer, filed a lawsuit against the bank in late July. The suit was eventually settled out of court in mid-October and, as part of the settlement, Osgood saw his "first refusal" rights extended to December 23, a date that, after Posner's passing, came and went without an agreement being reached.

Meanwhile, First Bank, which opted not to comment for this story, has, according to several sources close to the dealings, continued to shop the property to potential purchasers, including Las Vegas hoteliers such as Steve Wynn, Phil Ruffin, and Craig Dudley.

All of this, plus increasing speculation that the aforementioned ACE—which hinges on the involvement of the neighboring and currently for sale Dos Pueblos Ranch—is all but dead in the water, lays confusing groundwork as the county supervisors prepare to revisit the Naples debate at their February 1 meeting. Still trying to figure out the details of the approval so that they can formally pass the plan along to the California Coastal Commission, the supes are now faced with the bizarre drama of no longer knowing who exactly is in charge of the project or if the project, at least as approved, is even capable of becoming a reality at this point. "These are all very good questions." said 3rd District Supervisor Doreen Farr this week, "and they are exactly what I plan to ask of staff next week … I really don't see how we can move forward without answers."

More like this story

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†Certified Specialist: Taxation Law
The State Bar of California
Board of Legal Specialization

June 16, 2008

Chairperson C.J. Jackson and Members of
Santa Barbara County Planning Commission
c/o Planning & Development Dept.
105 East Anapamu Street
Santa Barbara, CA 93101

By Hand Delivery

Re: Dos Pueblos Ranch Participation in "Alternative 1" of the Santa Barbara Ranch Project

Dear Chairman Jackson and Planning Commissioners:

We represent Dos Pueblos Ranch (**"DPR"**), being the beneficiaries of the trusts which own the lands depicted in Exhibit "A" (the **"DPR Land"**). The DPR Land currently consists of:

1. Approximately 2363 acres located north of Highway 101 (the **"North DPR Land"**), which is comprised of at least two legal parcels (existing lot lines not shown),

2. Approximately 198 acres located south of Highway 101 and north of the Railroad Right of Way (the **"South DPR Land"**), which is comprised of multiple legal parcels including DPR's Naples Lots (existing lot lines not shown), and

3. Approximately 17 acres south of the Railroad Right of Way and north of tidelands, which is comprised of separate lots (existing lot lines not shown) and was referred to in prior Planning Commission workshops as **"DP-19."**

DPR and **"SBR,"** the applicants for the Santa Barbara Ranch **"MOU Project,"** have negotiated and agreed on terms of participation by DPR in **"Alternative 1"** to the MOU Project. DPR's agreement to participate is subject to specific limitations which are discussed below.

Alternative 1 involves 360 acres of the North DPR Land and all of the South DPR Land. *For purposes of this letter*, Alternative 1 includes both (i) Alternative 1 as analyzed in the recently-completed EIR, and (ii) SBR's recently-proposed Alternative 1(B).

DPR understands that Alternative 1, *as it relates to the DPR Land*, is as follows:

- Alternative 1 includes a new residential development that would subdivide 360 acres (**"Subdivided Area"**) of the North DPR Land. For the area of North DPR Land to be subdivided into lots (proposed lot lines not shown), see Exhibit "A."

- The remaining 2003 acres of the North DPR Land which are not within the Subdivided Area (the **"Designated Remainder"**) are not part of Alternative 1 and the Designated Remainder is *offsite* of the Alternative 1 project. See Exhibit "A."

- Implementation of Alternative 1 requires that, with respect to the North DPR Land, the Williamson Act Contract must be cancelled as to the Subdivided Area, subject to terms approved by the County of Santa Barbara and the California Department of Conservation.

- Alternative 1 does not include DP-19, for which no change is sought or proposed, and DP-19 is *offsite* of the Alternative 1 project.

- Alternative 1 will involve a **"DPR Land Reconfiguration"** and recordation of an agricultural conservation easement (**"ACE"**), as follows:

    - With respect to the North DPR Land, cancellation of the Williamson Act Contract as to the Subdivided Area will require that the North DPR Land outside the boundaries of the Subdivided Area must ultimately be reconfigured into one legal parcel and such single, 2003-acre parcel shall be subject to a new Williamson Act contract and an ACE. Such ACE shall provide for (i) an approximately two (2) acre development envelope on the North DPR Land (as depicted for informational purposes on the current site plan, but not included in the Alternative 1 project) capable of being improved with one (1) additional single family residence, a guest house or second residential unit and accessory buildings and related improvements to the extent permitted by currently applicable zoning ordinances and (ii) retention of the existing legal non-conforming housing on the North DPR Land to the extent permitted by currently applicable zoning ordinances.

    - With respect to the South DPR Land, cancellation of the Williamson Act Contract on the Subdivided Area will require that the South DPR Land become subject to an ACE. Such ACE shall allow DPR (or its assignees) to maintain and/or construct no more than a total of six (6) single family residences on the South DPR Land in building envelopes as depicted in Exhibit "B" – and also to maintain the existing employee housing on the South DPR Land. As a condition of approval of Alternative 1, DPR will be required to merge, obtain lot line adjustments or otherwise reconfigure the lot boundaries of the South DPR Land to be comprised of no less than six (6) primary residential lots capable of being improved with a single family residence, a guest house or second residential unit and accessory buildings to the extent permitted by currently applicable zoning

ordinances, plus two (2) additional non-residential lots, provided that coastal development permits for such residential development have been approved.

***Subject to limitations set forth below*, DPR has agreed to participate in Alternative 1 and to accept the above-summarized restrictions and conditions on use and development of the North DPR Land and South DPR Land in the event that Alternative 1 is approved.**

DPR has the express right not to participate in Alternative 1 in the event that EITHER the County or Coastal Commission imposes conditions of approval that would substantially alter Alternative 1 as described above, ***OR*** if the County or Coastal Commission imposes any of the following conditions:

- Any condition of any type concerning DP-19;

- Any condition for public access on or public use of the South DPR Land or the Designated Remainder, *except that DPR will grant* an easement for a public trail adjacent to and northerly of the Highway 101 right of way (the DeAnza Trail);

- Any obligation to restore, enhance or rehabilitate Dos Pueblos Creek or its riparian habitat;

- Any changes in zoning that limit the size or nature of buildings which can be placed on the Designated Remainder or the South DPR Land beyond those presently in effect under the current zoning or limit the height of such buildings to less than 25 feet or less than current zoning; or

- Any requirement that current legally non-conforming uses or structures on the DPR Land be terminated or removed except to the extent required by currently applicable County ordinances or other currently applicable land use regulations, provided that DPR will accept any conditions required to bring non-conforming structures into compliance with current standards and any conditions that require removal of any non-legal non-conforming structures.

If you have any questions, please do not hesitate to contact me.

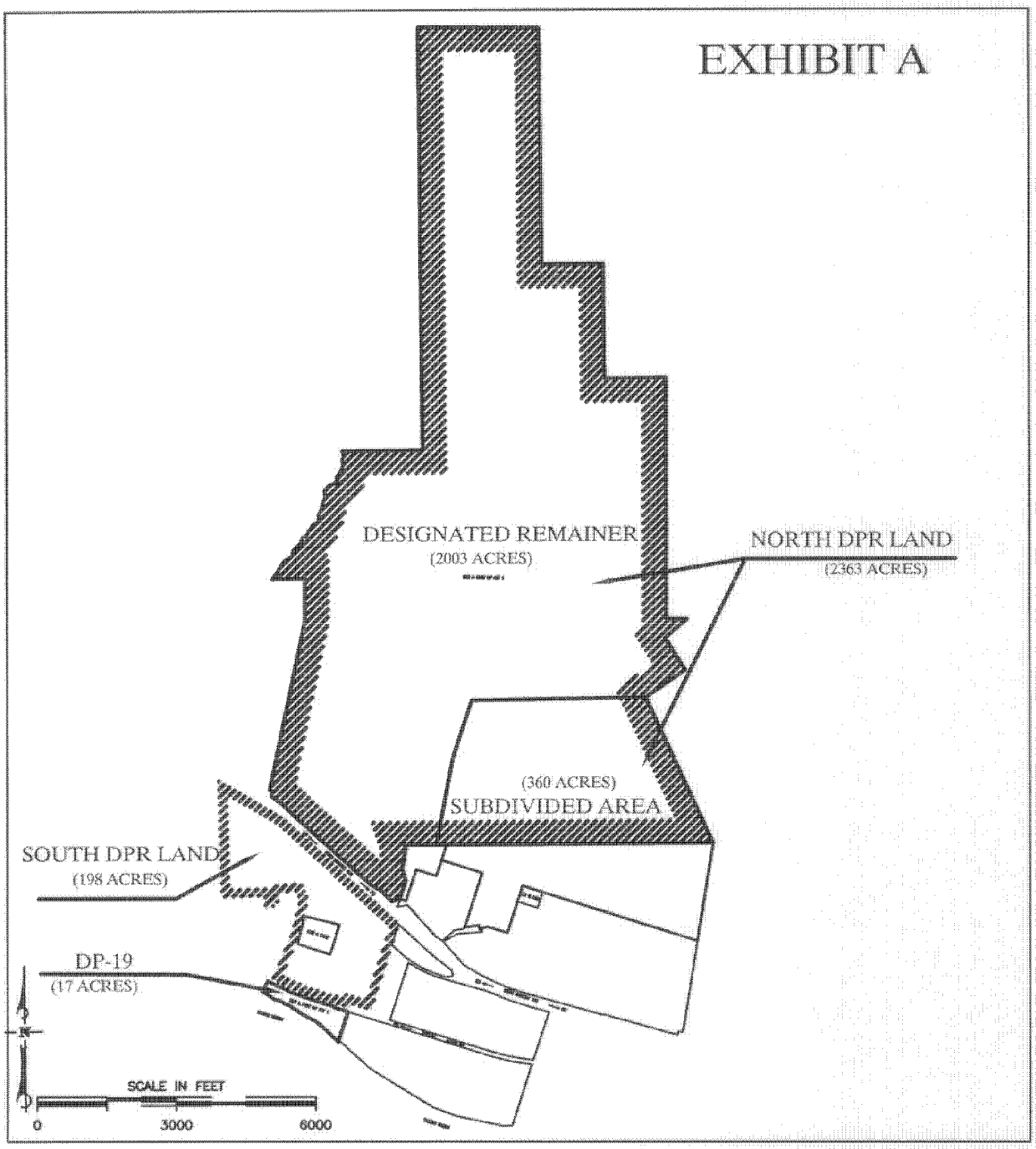
Very truly yours,

ALLEN & KIMBELL, LLP

By David C. Fainer, Jr.
David C. Fainer, Jr.
Of Counsel

Exhibits Attached
DCF/dob
cc: Schulte Beneficiaries
101243

EXHIBIT A



L&P CONSULTANTS
3 WEST CARRILLO STREET
SUITE 205
SANTA BARBARA, CA 93101
(805) 962-4611

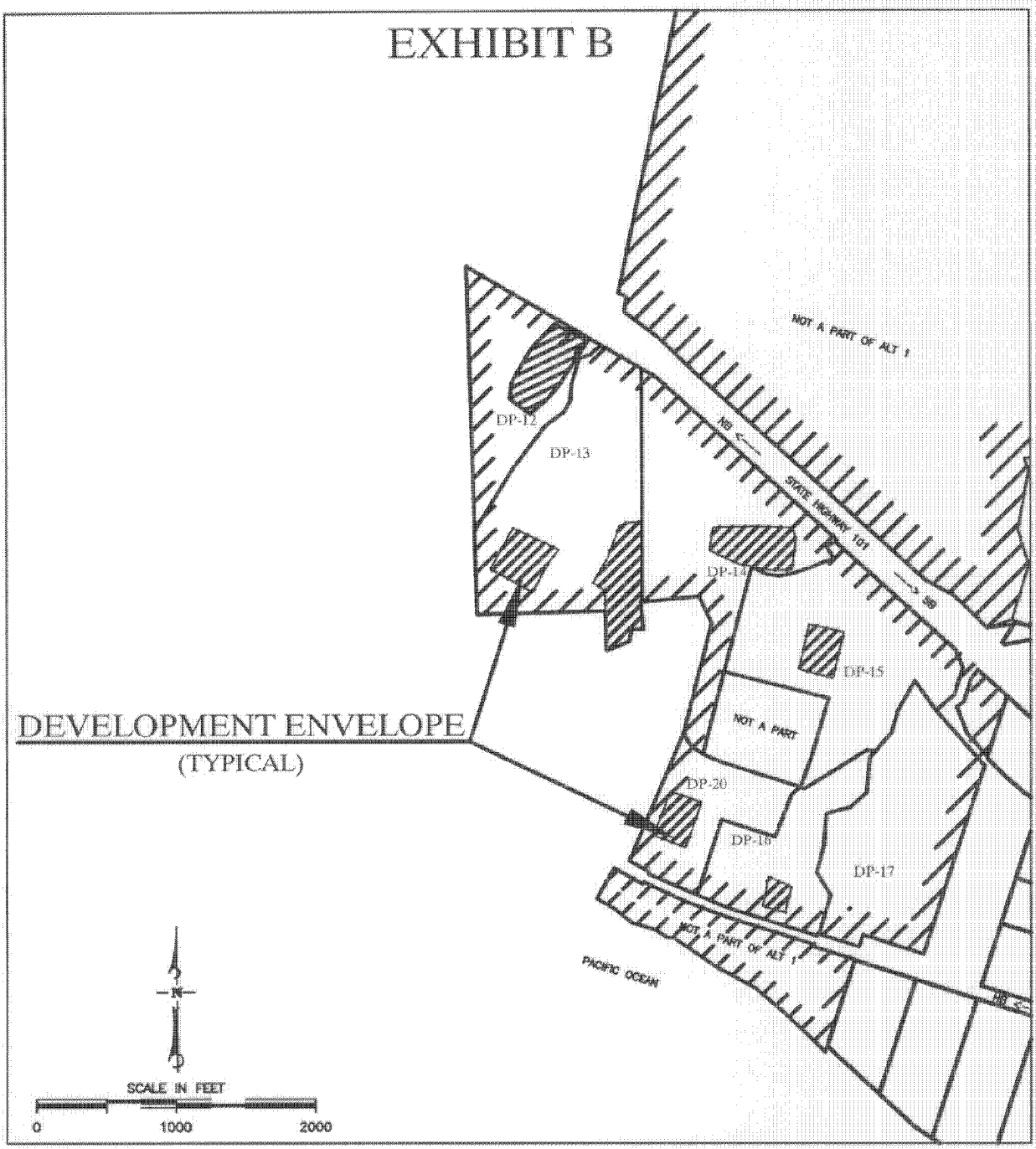
P.N. 01-003.03 1"=3000'

DPR LAND
DOS PUEBLOS RANCH

COUNTY OF SANTA BARBARA, CALIFORNIA

PA EXH 09-07

EXHIBIT B



L&P CONSULTANTS
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SUITE 205
SANTA BARBARA, CA 93101
(805) 962-4611

P.N. 01-003.03 1"=1000'

SOUTH DPR LAND AND DEVELOPMENT ENVELOPES DOS PUEBLOS RANCH

COUNTY OF SANTA BARBARA, CALIFORNIA

PA EXH 09-07

PURCHASE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

THIS PURCHASE AGREEMENT AND JOINT ESCROW INSTRUCTIONS (this "**Agreement**") is made as of October 23, 2007 (the "**Effective Date**"), by and among MOUNTAIN MIST RIDGE, LLC, a California limited liability company ("**Mountain Ridge**"), MOONLIGHT REFLECTIONS, LLC, a California limited liability company ("**Moonlight**"), DP SUNSET, LLC, a California limited liability company ("**DP**" and together with Mountain Ridge and Moonlight, collectively, "**DPLLCs**"), JAMES H. FRANZEN, STEPHEN R. WELCH AND HOWARD M. SIMON, AS TRUSTEES OF THE RUDOLF SCHULTE TRUST, U/A/D 3/22/91 ("**Rudolf Trust**," and together with DPLLCs, collectively, jointly and severally, "**Seller**"), on the one hand, and SANTA BARBARA RANCH, LLC, a California limited liability company ("**Buyer**"), on the other hand, as follows:

RECITALS

A. Seller is the fee owner of two (2) parcels of real property ("**Parcels 1 & 2**"), as depicted on Exhibit A-1, and an additional area of land ("**Parcel 3**"), as depicted on Exhibit A-2, located within Rancho Dos Pueblos, in the County of Santa Barbara, State of California, altogether comprising approximately 556.20 acres and depicted on Exhibit A-3 attached hereto and incorporated herein by this reference, together with all rights and appurtenances pertaining to such property, including, without limitation, any right, title and interest of Seller in and to mineral, oil and gas rights, adjacent streets, alleys, rights-of-way, easements and appurtenances (collectively, the "**Land**"); provided, however, that any water rights relating to the Land shall be subject to the provisions of Section 5 below.

B. Buyer desires to purchase Parcels 1 and 2 and an exclusive easement over Parcel 3, with the right to acquire title to Parcel 3 at such time as Parcel 3 is incorporated into Parcels 1 or 2 by way of a lot line adjustment or is legally established as a separate legal parcel or by any other method or process under which fee title can be transferred or otherwise provided to Buyer consistent with the Subdivision Map Act, and, subject to the terms and conditions set forth herein, Seller is willing to sell to Buyer Parcels 1 and 2 and provide an exclusive easement over Parcel 3, with the right to convey title to Parcel 3 at such time as Parcel 3 is incorporated into Parcels 1 or 2 by way of a lot line adjustment or is legally established as a separate legal parcel or any other method or process under which fee title can be transferred or otherwise provided to Buyer consistent with the Subdivision Map Act.

C. In addition to the Land, Seller is also the fee owner of that certain real property located within Rancho Dos Pueblos, in the County of Santa Barbara, State of California, comprising approximately 2,218 acres and depicted on Exhibit A-4 attached hereto and incorporated herein by this reference, together with all rights and appurtenances pertaining to such property, including, without limitation, any right, title and interest of Seller in and to mineral, oil and gas rights, adjacent streets, alleys, rights-of-way, easements and appurtenances (collectively, the "**Seller Land**".) The Seller Land consists of approximately 2003 acres of Seller Land located north of Highway 101 (the "**North Seller Land**"), as depicted on Exhibit A-5 and approximately 215 acres of Seller land located south of Highway 101 (the "**South Seller Land**"), as depicted on Exhibit A-6.

EXHIBIT E

Exhibit 2

D. Buyer has a beneficial interest in property that is adjacent to the Land, which is commonly known as "Santa Barbara Ranch," which is depicted for informational purposes on Exhibit A-7, attached hereto. Buyer is proposing to develop a single family residential project on Santa Barbara Ranch (the "**Project**") In connection with the development of the Project, Buyer has proposed an alternative development that would include development on the Land, which is commonly referred to as "**Alternative 1**." Alternative 1 would include the Seller Land Reconfiguration as described in Section 6(c).

E. The Land and North Seller Land are in an agricultural preserve pursuant to The California Land Conservation Act of 1965, as amended, (the Williamson Act) at Chapter 7 (commencing with Section 51200), Part 1, Division 1, Title 5 of the California Government Code and is currently covered by a Williamson Act contract limiting the use of the Land and the North Seller Land (the "**Williamson Act Contract**").

F. The Property to be sold by Seller shall not include the name "Dos Pueblos Ranch" or "Rancho Dos Pueblos," all of the rights to which shall be retained by Seller.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, Buyer and Seller hereby agree that the above recitals are true and correct and further agree as follows:

1. Purchase and Sale of Property. Seller agrees to sell and Buyer agrees to purchase the Property under the terms and conditions of this Agreement. The "**Property**" consists of the following:

(a) Parcels 1 and 2;

(b) The "**Parcel 3 Easement**" in the form of that attached as Exhibit B. This Agreement is intended to provide Buyer (and Buyer is paying consideration for) permanent rights to Parcel 3 starting with easement rights and becoming fee ownership rights in the future ("**Permanent Rights**"). Seller agrees to fully cooperate with Buyer, and execute such additional documents as may be requested by Buyer so that Buyer has now and in the future such permanent rights to Parcel 3 consistent with law and regulation. Seller shall provide Buyer, without additional consideration (given such consideration has already been paid) with any document or confirmation (such as a power of attorney, or conveyance document – such a license) under which Buyer receives documented rights which are consistent with the Permanent Rights;

(c) The "**Intangibles**" which are any and all of Seller's right, title and interest in and to any intangible property used in connection with Parcels 1 and 2, including, without limitation, (i) all architectural and engineering plans, analyses and specifications relating to the Land, (ii) all existing permits, licenses, approvals and authorizations issued by any governmental authority in connection with the Land, and (iii) all guarantees and warranties relating to the Land, to the extent owned by Seller:

(d) the "**Entitlements**" which are all of Seller's right, title and interest in and to any and all buildable lot entitlements for the Seller Land in excess of seven (7) buildable lots, and shall be assigned by Seller to Buyer pursuant to the terms and conditions of the Assignment of Entitlements attached hereto as Exhibit C: and

(e) The "**Water Facilities Easement**" as described in Exhibit D.

2. Purchase Price

(a) The purchase price for the Property (the "**Purchase Price**") shall be an amount equal to Nine Million Dollars ($9,000,000). The Purchase Price shall be further allocated to Parcels 1 & 2 and Parcel 3 as follows: (a) Four Million Five Hundred Thousand Dollars ($4,500,000) for Parcels 1 & 2 (the "**Parcels 1 & 2 Allocated Purchase Price**") and (b) Four Million Five Hundred Thousand Dollars ($4,500,000) for Parcel 3 (the "**Parcel 3 Allocated Purchase Price**").

(b) In the event that Alternative 1 (or variation thereof that provides for at least ten (10) lots on Parcel 3) is approved, Buyer shall further compensate Seller as provided in the Agreement re Entitlement Compensation attached as Exhibit R.

Notwithstanding any other provision herein, Buyer shall have the unilateral right to locate and place densities on any portion of the Land, as and when determined by Buyer.

3. Opening of Escrow. Upon the execution of this Agreement, Seller and Buyer shall open an escrow (the "**Escrow**") with Chicago Title Company ("**Escrow Holder**"), located at 1101 Anacapa St., Santa Barbara, CA 93101, Attn: Leslee Colunga, by delivering a fully executed copy of this Agreement to Escrow Holder. Escrow Holder will execute copies of this Agreement and return fully executed copies hereof to Buyer and Seller when Escrow has opened. Escrow shall be deemed open upon Escrow Holder's execution hereof. The parties agree to be bound by the standard escrow General Provisions attached hereto as Exhibit E and incorporated herein by this reference. In the event of any discrepancy between this Agreement and such General Provisions, the provisions of this Agreement shall prevail.

4. Deposit. Upon execution of this Agreement, Buyer shall deposit Five Hundred Thousand Dollars ($500,000.00) (the "**Deposit**") with Escrow Holder. ***The Deposit shall be released to Seller without any further instructions from any party immediately upon being deposited into escrow by Buyer.***), which shall be credited to the purchase price at the close of escrow.

Seller Initials: _____

Buyer Initials: _____

If Buyer fails to fund the Deposit within three (3) business days of execution of this Agreement, then, without further notice or demand by Seller, this Agreement will automatically lapse and terminate by reason of the failure of a condition precedent, and Buyer and Seller will be released and relieved from all obligations and liabilities hereunder.

(d) the "**Entitlements**" which are all of Seller's right, title and interest in and to any and all buildable lot entitlements for the Seller Land in excess of seven (7) buildable lots, and shall be assigned by Seller to Buyer pursuant to the terms and conditions of the Assignment of Entitlements attached hereto as Exhibit C: and

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Seller Initials: SPW

Buyer Initials: _____

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Seller Initials: HMS

Buyer Initials: _____

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Buyer Initials: _____

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5. Replacement Water Agreement and No Physical Contingencies.

(a) The Property is subject to various documents relating to water and water rights, including, without limitation, that certain Declaration of Covenants, Conditions and Restrictions, Grant of Easements and Agreement Regarding Water Allocations and Water System made as of December 6, 1984 and recorded in the Official Records of Santa Barbara County, California on December 20, 1985, as Instrument No. 1985-068732, as the same may have been amended from time to time (the "**Water Agreement**"). Seller and Buyer intend to completely amend and restate the Water Agreement so as to clarify the parties' rights and obligations with respect to the water sources on the Seller Land now subject to the Water Agreement, and so as to re-allocate the water under the Water Agreement. Seller and Buyer shall use best efforts to enter into an amended and restated water agreement (the "**Replacement Water Agreement**") prior to the Closing Date, defined below. The allocation of water to Buyer's and Seller's respective properties will be reallocated in the Replacement Water Agreement so that Seller retains thirty percent (30%) of the water producible by the Water System, as defined in the Water Agreement, and Buyer is allocated seventy percent (70%) of such water. If the Replacement Water Agreement is not entered into prior to the Closing Date, then prior to the close of escrow, the parties shall execute an amendment to the Water Agreement allocating the water deliverable through the Water System, as defined in the Water Agreement, thirty-five percent (35%) to Seller and sixty-five percent (65%) to Buyer.

(b) Buyer has no contingencies whatsoever regarding the physical condition of the Property, its entitlement status or any other matter whatsoever. The parties' obligations to close the transactions contemplated hereunder are unconditional except as expressly set forth herein (such as the condition to comply with the Subdivision Map Act with respect to Parcel 3).

6. Seller and Buyer Obligations and Covenants With Respect to Land Development. Seller is aware that a critical consideration for Buyer's agreement to purchase the Land is Buyer's ability to obtain entitlements to develop Alternative 1 or a variation of Alternative 1 on the Land. Seller acknowledges that implementation of Alternative 1 or variation thereof requires with respect to the Seller Land that the Williamson Act Contract must be cancelled as to the Land, subject to terms approved by the County of Santa Barbara ("**County**") and the California Department of Conservation ("**DOC**").

(a) North Seller Land. It is presently contemplated that cancellation of the Williamson Act Contract as to the Land will require that the North Seller Land be reconfigured into one parcel as depicted in Exhibit F and be subject to a new Williamson Act contract and an agricultural conservation easement ("**ACE**"), which shall provide for (i) an approximately two (2) acre development envelope on the North Seller Land capable of being improved with one (1) additional single family residence, a guest house or second residential unit and accessory buildings and related improvements to the extent permitted by currently applicable zoning ordinances and (ii) retention of the existing legal non-conforming housing on the North Seller Land to the extent permitted by currently applicable zoning ordinances. The ACE will be substantially in the form of that attached hereto as Exhibit G. Buyer will indemnify and hold Seller, and its successors as to the North Seller Land, harmless from any liability or obligation whatsoever arising from any violation of the Williamson Act Contract caused directly or indirectly by the transactions taking place under this Agreement, including providing a legal

defense for and correcting any violations asserted by governmental agencies in connection with the any violation of the Williamson Act Contract. Notwithstanding any other provision in this Agreement, the North Seller Land shall not be included as part of the Alternative 1 Project area, the owner of the North Seller Land will not be included as a project applicant with respect to the North Seller Land, and all of the foregoing conditions would be an offsite requirement of Alternative 1 or a variation thereof.

(b) South Seller Land. It also is presently contemplated that cancellation of the Williamson Act Contract will require that the South Seller Land be subject to an ACE, substantially in the form of that attached hereto as Exhibit G, which will allow seller to maintain and/or construct no more than a total of six (6) single family residences on the South Seller Land in building envelopes as depicted in Exhibit I along with maintaining the existing employee housing on the South Seller Land. In addition, it is presently contemplated that as a condition of approval of Alternative 1 or variation thereof, the Seller will be required to merge, obtain a lot line adjustments or otherwise reconfigure the lot boundaries of the South Seller Land to be comprised of no less than six (6) primary residential lots capable of being improved with a single family residence, a guest house or second residential unit and accessory buildings to the extent permitted by currently applicable zoning ordinances and two (2) additional non-residential lots as depicted in Exhibit I.

(c) Reconfigured Land. The reconfiguration of the Seller Land as described above, the implementation of the ACE on the Seller Land and the execution of a new Williamson Act contract on the North Seller Land shall be referred to as the "**Seller Land Reconfiguration.**" The total cost of the Seller Land Reconfiguration shall be at Buyer's sole cost and expense, and this allocation of expense is a significant element of the consideration being paid by Buyer to Seller under this Agreement. Notwithstanding the foregoing, Seller shall be responsible for the costs to comply with any conditions requiring that existing structures on the Property are brought into compliance with Santa Barbara County planning, zoning or other land use requirements and to retain its own counsel, including all attorney fees and costs incurred by such, with respect to with any legal action brought to rescind prior land transactions and quiet title (and other cause of action in such legal action) in order to effectuate the Seller Land Reconfiguration. Buyer shall reasonably cooperate with and assist Seller in connection with such legal action, including, without limitation, preparation of draft pleadings in form and content sufficient to file to seek the necessary rescission.

(d) Seller's Acceptance of Conditions and Requirements. Subject to any express conditions contained herein including, but not limited to those set forth in Exhibit G, Seller agrees to accept the foregoing restrictions and conditions on the use and development of the North Seller Land and South Seller Land in the event that Alternative 1 or a version thereof is approved and the Williamson Act Contract is cancelled and the Seller Land Configuration is completed. Seller accepts all of the findings, terms and conditions in the following documents and exhibits (collectively known as the "**Land Documents**") and that development and use of the North Seller Land and South Seller Land shall be in substantial conformity with the Land Documents in the event that Alternative 1 or a version thereof is approved and the Williamson Act Contract is cancelled in connection with therewith:

(i) The site plans attached as Exhibit J;

(ii) The Alternative 1 project description submitted by L&P Consultants to the County attached as Exhibit K except any provisions relative to processing entitlements for new development on the North Seller Land as part of Alternative 1

(iii) The form of ACE attached as Exhibit G; and

(iv) The form of Williamson Act contract attached as Exhibit L.

(e) Seller Acceptance of Additional Conditions. Seller shall accept any condition in connection with approval of Alternative 1 or a version thereof that substantially conforms to the Land Documents or that shall have substantially similar impacts on the North Seller Land and the South Seller Land. Seller shall have no obligation to accept additional conditions that substantially deviate from the Land Documents and/or from the terms and conditions of this Agreement; *provided, however*, that if such conditions materially affect the ability of the Seller to use the North Seller Land and/or the South Seller Land or affect the market value thereof, Seller may accept such conditions if Buyer offsets the effect of such conditions in a manner acceptable to Seller in Seller's absolute discretion. Without limiting the generality of the foregoing, Seller shall not be required to accept [i] any condition for public access of any type on the Seller Land (except an easement for a public trial adjacent to and northerly of the Highway 101 right of way as provided for by the De Anza Easement as defined below.) [ii] any obligations to restore, enhance or rehabilitate Dos Pueblos Creek or its riparian habitat; [iii] any changes in zoning that limit the size, nature or height of buildings which can be placed on the Seller Land beyond those presently in effect under the current zoning ; or [iv] any requirement that current legally non-conforming uses or structures on the Seller Land be terminated or removed except to the extent required by currently applicable County ordinances or other currently applicable land use regulations, provided that Seller shall accept any conditions required to bring non-conforming structures into compliance with current standards and any conditions that require removal of any non-legal non-conforming structures.

(f) Seller Assistance and Cooperation. Seller shall at all times reasonably cooperate with Buyer to facilitate approval of Alternative 1 or a version thereof and the Land Reconfiguration which meets the foregoing criteria and to obtain a cancellation of the Williamson Act Contract, including, without limitation, by promptly executing any applications, conveyance documents, consents, authorizations, ACEs, Williamson Act contracts as to the North Seller Land only, covenants, deed restrictions and other documents requested by any governmental agency or reasonably requested by Buyer, so long as such documents conform to the provisions of this Agreement. This entitlement program and Buyer's cooperation with same to the extent of the Seller Land Reconfiguration constitutes a critical consideration to this transaction. In the event there is delay in the performance of the obligations of Seller with respect to the Seller Land Reconfiguration, such actions shall seriously harm Buyer. In recognition of such harm, Buyer shall have the right of specific performance to enforce the Seller Land Reconfiguration. This provision shall control in the event of any inconsistency with any other section of this Agreement or any of the documents to be executed and delivered pursuant to this Agreement.

(g) De Anza Trail. In connection with the approval of Alternative 1 or any variation thereof and without any additional consideration, Seller will dedicate a public easement for construction, maintenance and operation of a public trail on the North Seller Land adjacent to and contiguous with the right of way for Highway 101 (the "**De Anza Easement**"), in approximately the location depicted in Exhibit M. The parties intend that such easement will be in substantially the form of that attached as Exhibit M and that Exhibit M will be presented to the County in fulfillment of this condition. The parties agree to make reasonable efforts to obtain County acceptance of Exhibit M. In the event the County does not accept the terms of Exhibit M, Seller shall accept such terms as the County may reasonably impose, provided that such terms state that the De Anza Easement will be fenced or otherwise established with a barrier that would prevent public access onto the remainder of the North Seller Land. This agreement to convey the De Anza Easement represents an offsite condition for Alternative 1 and does not otherwise involve the North Seller Land in Alternative 1 project description.

(h) Overriding Agreement re Seller's Separation from Buyer's Project. The Parties acknowledge that in connection with the foregoing Section, Seller has an overriding objective to complete the separation of the North Seller Land from the Land so that the marketability of the North Seller Land is unimpaired by further entanglement with the Land and Buyer's Project. **Notwithstanding anything to the contrary in this Agreement,**

[i] all terms of this Agreement shall be interpreted to effect the completion of the land division separating Parcel 3 from the North Seller Land and the replacement of the Williamson Act Contract for the North Seller Land and implementation of the ACE **on the North Seller Land** as soon as reasonably practicable.

[ii] upon the County and DOC approval of the form of ACE **and replacement Williamson Act Contract** for the North Seller Land within the parameters set forth in this Agreement ("**Accepted ACE**"), ***Buyer will have no further rights whatsoever under this Agreement with respect to the North Seller Land except for the right to require that the Accepted ACE and replacement Williamson Act Contract be executed and recorded and except for the rights and obligations under and in connection with the documents required by this Agreement to be executed including, without limitation, the De Anza Easement and the Lot Line Adjustment Agreement.***

Buyer will diligently pursue approval of a lot line adjustment or other process under the Subdivision Map Act to have Parcel 3 severed from the remaining North Seller Land as promptly as reasonably possible, including, to the extent reasonably practicable, under a separate process apart from Buyer's overall project. The foregoing agreements will be incorporated into an "**Agreement re Lot Line Adjustment**" in the form of that attached hereto as Exhibit T to be executed and a memorandum thereof recorded at the Closing.

(i) Buyer will reasonably inform Seller (or Seller's designated consultant) with respect to the status of the processing entitlements necessary to give effect to the Seller Land Reconfiguration and will provide Seller with copies of documents reasonably requested by Seller. In any event, Buyer will cause the following to be provided to Seller or his designated consultant:

(a) All staff reports and other reports generated by County staff.

(b) Notice of any public hearings at which Alternative 1 will be discussed.

In addition, Seller or his designated consultant may request periodic briefings by Buyer's consultants to be kept informed on the status of the processing of Alternative 1.

7. Additional Easements. Seller hereby agrees to reserve or grant and record the following easements upon Closing:

(a) Recreational Easement. Seller will reserve an easement of access to and recreational use of the existing lake on the Land (the "**Recreational Easement**"), such easement to be in the form of the reservation set forth in the Grant Deed attached as Exhibit O. .

(b) Water and Electricity Facilities Easement. Seller will record an easement for utility purposes (the "**Water Facilities Easement**") in the form of that attached as Exhibit D.

8. Closing.

(a) Time and Place. The Closing shall take place through Escrow on the thirtieth (30th) calendar day after the Effective Date (the "**Closing Date**"). At the Closing, Buyer shall deposit into Escrow (a) the unpaid balance of the Purchase Price and (b) Buyer's share of closing costs, in cash or by wire transfer of immediately available federal funds, and Seller and Buyer shall each perform the obligations set forth in, respectively, Sections 8(c) and 8(d) below, the performance of which shall be concurrent conditions. When all required funds and instruments have been deposited into Escrow by the appropriate parties, and the obligations of each of Seller and Buyer set forth in Sections 8(c) and 8(d) hereof have been satisfied, Escrow Holder shall (i) record the Deed for Parcels 1 & 2, the Recreation Easement, the Water Facility Easement, the Memorandum of Agreement Re Lot Line Adjustment and the Parcel 3 Easement (ii) issue the title policy and binder pursuant to Section 8(b) below, (iii) deliver to Buyer the Assignment of Intangibles (as defined below) and the Assignment of Entitlements (as defined below), (iv) deliver to each of Buyer and Seller the Replacement Water Agreement (if agreed upon or if not, the amendment to the Water Agreement) and (v) release the Purchase Price to Seller.

(b) Title Policy. As a condition to the Closing for Buyer's benefit, Seller shall cause the Title Company to be prepared or committed to deliver to Buyer (a) a CLTA Owner's Policy of Title Insurance with a policy limit of $4,500,000 with regional exceptions for Parcels 1 & 2 and the Parcel 3 Easement upon the Closing, and (b) a binder for issuance of a CLTA Owner's Policy of Title Insurance with a policy limit of $4,500,000 with regional exceptions upon the recording of the Parcel 3 Deed pursuant to Section 10 ("**Parcel 3 Title Insurance Binder**"). If Buyer requires an extended coverage ALTA Owner's Policy of Title Insurance or endorsements for either policy, Buyer shall notify Escrow Holder of such requirement and deliver to Escrow Holder, at Buyer's sole cost and expense and in a timely manner so as to not delay the Closing, an ALTA survey adequate for the issuance of such ALTA extended coverage policy, and Buyer shall bear any other additional costs required for the ALTA

upgrade. The title policy for the Parcels 1 and 2 and the Parcel 3 Easement shall show title to the Land and easement rights vested in Buyer subject only to:

(A) The usual printed Title Company exceptions;

(B) Those exceptions 1 through 42, 45 and 46 as set forth in that certain Preliminary Title Report number_06-77500529 -B-AM issued by Chicago Title Insurance Company.

(C) All other exceptions approved in writing by Buyer or caused by Buyer.

(c) Seller's Obligations. At or prior to Closing, Seller shall deliver, or cause to be delivered, to Buyer through Escrow:

(A) a duly executed and notarized grant deed (the "**Deed**") in the form attached hereto as Exhibit O, conveying Parcels 1 & 2 to Buyer or Buyer's designee, reserving the Recreation Easement and such affidavits and other instruments as may be customarily and reasonably required by the Title Company;

(B) a duly executed Assignment of Intangibles (the "**Assignment of Intangibles**") for the Intangibles, in the form attached hereto as Exhibit P;

(C) a duly executed and notarized Parcel 3 Easement;

(D) a duly executed and notarized Water Facility Easement;

(E) a duly executed assignment of entitlements in the form of Exhibit C attached hereto (the "**Assignment of Entitlements**");

(F) the Replacement Water Agreement, duly executed by Seller and Buyer if completed pursuant to Section 5 or the amendment to the Water Agreement specified by Section 5 if the Replacement Water Agreement is not completed;

(G) a FIRPTA certificate along with any applicable State or local law equivalent in the forms customarily used by the Title Company duly executed by Seller; and

(H) the Agreement re Lot Line Adjustment and Memorandum thereof in the form of that set forth in Exhibit T.

(I) such additional documents as shall be reasonably required to consummate the transaction contemplated by this Agreement.

(d) Buyer's Obligations. At or prior to the Closing, Buyer shall deliver to Seller through Escrow:

(A) the Purchase Price, plus Buyer's share of closing costs;

(B) the Assignment of Intangibles, duly executed by Buyer;

(C) a duly executed Assignment of Entitlements;

(D) a duly executed and notarized Parcel 3 Easement;

(E) the Replacement Water Agreement, duly executed by Buyer if completed pursuant to Section 5 or the amendment to the Water Agreement specified by Section 5 if the Replacement Water Agreement is not completed.; and

(F) a duly executed and notarized Water Facilities Easement;

(G) a duly executed Agreement re Lot Line Adjustment and Memorandum thereof in the form of that set forth in Exhibit T.

(H) such additional documents as shall be reasonably required to consummate the transaction contemplated by this Agreement.

9. Costs and Prorations.

(a) Escrow and Title Fees. Upon the Closing Date, Buyer and Seller shall each pay one-half (1/2) of the Escrow fees. Seller shall bear the cost of (a) all documentary transfer taxes, (b) the premium required for the CLTA Owner's Policy of Title Insurance with regional exceptions issued by Chicago Title Company (the "**Title Company**"), insuring Buyer in the amount of the Parcels 1 & 2 Allocated Purchase Price, and the Parcel 3 Title Insurance Binder and (c) recording the Deed, the Water Facilities Easement and the Memorandum of Agreement Re Lot Line Adjustment. Buyer shall bear the cost of (a) any increased premium attributable to endorsements requested by Buyer, and (b) any increased premium attributable to the delivery of an extended coverage ALTA Owner's Policy of Title Insurance.

(b) Taxes and Assessments. All current real property taxes and all payments on general and special bonds and assessments for Parcels 1 and 2 shall be prorated as of the Closing Date. Notwithstanding that Buyer will not be acquiring fee title to Parcel 3 at the Closing Date, all current real property taxes and all payments on general and special bonds and assessments on Parcel 3 shall be prorated through Escrow between Buyer and Seller as of the Closing Date based upon the latest available tax information, using the customary escrow procedures. The property taxes for Parcel 3 will be calculated by multiplying the land portion of the property taxes assessed against Parcel 3 and the North Seller Land less Parcels 1 and 2 by a fraction the numerator of which is the acreage of Parcel 3 and the denominator of which is the acreage of the North Seller Land less Parcels 1 and 2 plus Parcel 3. Buyer shall continue to pay the portion of the property taxes assessed against Parcel 3 in accordance with the foregoing allocation until Parcel 3 is conveyed at the Parcel 3 Transfer Date. Any taxes levied under the

Supplemental Tax Roll applicable to the period prior to the Closing Date (as defined below) shall be paid by Seller prior to delinquency and any such taxes applicable to the period from and after the Closing Date shall be paid by Buyer.

10. Parcel 3.

(a) Parcel 3 Transfer. Seller shall convey Parcel 3 to Buyer pursuant to the provisions of this Section (the "**Parcel 3 Transfer**"). Buyer and Seller acknowledge and agree that Parcel 3 is currently part of a separate legal parcel. The parties intend to adjust a lot line on the North Seller Land in order to establish Parcel 3 as a separate legal parcel. If the parties cannot obtain approval for such a lot line adjustment, the parties shall pursue, at Buyer's sole option, a land division creating Parcel 3 as a separate legal parcel, a lot line adjustment incorporating Parcel 3 into Parcel 1 and/or Parcel 2 or any other method or process under which fee title can be transferred or otherwise provided to Buyer consistent with the Subdivision Map Act has occurred. Legal title to Parcel 3 shall not be conveyed by Seller to Buyer until a lot line adjustment establishing the boundaries of Parcel 3 as a separate legal parcel or as part of Parcels 1 or 2 is obtained or a land division creating Parcel 3 as a separate legal parcel has occurred or any other method or process under which fee title can be transferred or otherwise provided to Buyer consistent with the Subdivision Map Act has occurred. Buyer and Seller hereby further acknowledge and agree that Buyer shall be responsible, at its sole cost and expense, for processing such lot line adjustment, and Buyer shall process such lot line adjustment as promptly as possible; *provided, however,* Seller shall at all times reasonably cooperate with Buyer to effectuate the same, including satisfying any conditions imposed on the approval of the lot line adjustment regarding bringing existing structures on the North Seller Land into compliance with Santa Barbara County planning, zoning and other land use requirements. Furthermore, in the event that the lot line adjustment for Parcel 3 is not approved by the County of Santa Barbara, the Seller agrees to cooperate with Buyer to effectuate a subdivision for Parcel 3 as a separate legal parcel or any other method or process under which fee title can be transferred or otherwise provided to Buyer consistent with the Subdivision Map Act.

The Parcel 3 Transfer is conditioned upon and shall not occur until such time as [i] Parcels 1 & 2 have been transferred to Buyer and [ii] a lot line adjustment is approved establishing the boundaries of Parcel 3 as a separate legal parcel or as part of Parcels 1 or 2 or a land division creating Parcel 3 as a separate legal parcel has occurred or any other method or process under which fee title can be transferred or otherwise provided to Buyer consistent with the Subdivision Map Act has occurred. Within five (5) days of the recordation of a lot line adjustment, parcel map, tract map or other form of land division as set forth herein, Seller shall promptly deliver, or cause to be delivered, to Buyer through Escrow a duly executed and notarized grant deed in form and substance similar to Exhibit Q attached hereto, conveying Parcel 3 (and quitclaiming any interest in Parcel 1 or 2, if a lot line adjustment is obtained incorporating Parcel 3 into such parcel) to Buyer or Buyer's designee (the "**Parcel 3 Deed**"), together with such affidavits and other instruments as may be customarily and reasonably required by the Title Company, and the date of such transfer by Seller to Buyer shall hereinafter be referred to as the "**Parcel 3 Transfer Date**." Concurrently with the delivery and recording of the Parcel 3 Deed, Buyer and Seller shall execute the "**Agreement re Entitlement Compensation**" in the form of that attached hereto as Exhibit R, and record a "**Memorandum of Agreement**" in the form of that attached hereto as Exhibit S.

The conveyance of title to Parcel 3 shall include all "**Intangibles**" which are any and all of Seller's right, title and interest in and to any intangible property used in connection with Parcel 3, including, without limitation, (i) all architectural and engineering plans, analyses and specifications relating to the Land, (ii) all existing permits, licenses, approvals and authorizations issued by any governmental authority in connection with the Land, and (iii) all guarantees and warranties relating to the Land, to the extent owned by Seller.

(b) Parcel 3 Transfer Closing. Upon the Parcel 3 Transfer Date, Buyer and Seller shall each pay one-half (1/2) of the Escrow fees. Seller shall bear the cost of [i] all documentary transfer taxes, [ii] the premium required for the CLTA Owner's Policy of Title Insurance with regional exceptions issued by the Title Company pursuant to the Parcel 3 Title Insurance Binder, insuring Buyer in the amount of the Parcel 3 Allocated Purchase Price ("**Seller's Premium Share**"), and [iii] recording the Parcel 3 Deed. Buyer shall bear the cost of [iv] any increased premium attributable to endorsements requested by Buyer, and [v] any increased premium attributable to the delivery of an extended coverage ALTA Owner's Policy of Title Insurance. Seller shall be obligated to pay the premium for a CLTA Owner's Policy of Title Insurance with regional exceptions insuring Buyer in the amount of the Parcel 3 Allocated Purchase Price, but only to the extent that such premium does not result in Seller paying in excess of Seller's Premium Share. All other costs or expenses not otherwise provided for in this Agreement shall be apportioned or allocated between Buyer and Seller in the manner customary in Santa Barbara County, California. Seller and Buyer shall each perform the obligations set forth in, respectively, Sections 10(d) and 10(e) below, the performance of which shall be concurrent conditions. When all required funds and instruments have been deposited into Escrow by the appropriate parties, and the obligations of each of Seller and Buyer set forth in Sections 10 (d) and 10(e) hereof have been satisfied, Escrow Holder shall (i) record the Parcel 3 Deed and (ii) issue the title policy pursuant to Section 10(c) below.

(c) Title Policy. As a part of the Parcel 3 Closing for Buyer's benefit, Seller shall cause the Title Company to issue to Buyer a CLTA Owner's Policy of Title Insurance with regional exceptions for Parcel 3 upon the Parcel 3 Transfer Date pursuant to the binder obtained by Seller for Buyer at the Closing pursuant to Section 8(b). If Buyer requires an extended coverage ALTA Owner's Policy of Title Insurance or endorsements for the policy, Buyer shall notify Escrow Holder of such requirement and deliver to Escrow Holder, at Buyer's sole cost and expense and in a timely manner so as to not delay the Closing, an ALTA survey adequate for the issuance of such ALTA extended coverage policy, and Buyer shall bear any other additional costs required for the ALTA upgrade and/or endorsements. The title policy for Parcel 3 shall insure Buyer in an amount equal to the Parcel 3 Allocated Purchase Price and shall show title to Parcel 3 and appurtenant easement rights vested in Buyer subject only to:

(A) The usual printed Title Company exceptions;

(B) Those exceptions 1 through 42, 45 and 46 as set forth in that certain Preliminary Title Report number 06-77500529 –B-AM issued by Chicago Title Insurance Company.

(C) All other exceptions approved in writing by Buyer or caused by Buyer

(d) Seller's Obligations. At or prior to Parcel 3 Transfer Date, Seller shall deliver, or cause to be delivered, to Buyer through Escrow:

(A) a duly executed and notarized Parcel 3 Deed and such affidavits and other instruments as may be customarily and reasonably required by the Title Company;

(B) a FIRPTA certificate along with any applicable State or local law equivalent in the forms customarily used by the Title Company duly executed by Seller; and

(C) the Agreement re Additional Compensation and the Memorandum of Agreement; and

(D) such additional documents as shall be reasonably required o consummate the transaction contemplated by this Agreement.

(e) Buyer's Obligations. At or prior to the Closing, Buyer shall deliver to Seller through Escrow:

(A) the Agreement re Additional Compensation and the Memorandum of Agreement; and

(B) All documents as shall be reasonably required to consummate the transaction contemplated by this Agreement.

11. Failure to Close; Termination. If either party fails to perform its obligations prior to the Closing, the following shall apply.

(a) Buyer's Default. Except as provided in Section 4 above, if Buyer is in material default of this Agreement (including, without limitation, as a result of a failure by Buyer to satisfy, comply with or perform any material covenant, agreement or obligation on its part required within the time and in the manner required in this Agreement, or the inaccuracy of any material representation or warranty made by Buyer in or pursuant to this Agreement), Seller shall provide Buyer with written notice of such material default. Buyer shall have twenty (20) business days after Buyer's receipt of such written notice to cure a monetary default and thirty (30) days (or such longer period as reasonably necessary provided Buyer is diligently pursuing such cure to completion) after Buyer's receipt of such notice to cure a material non-monetary default. If Buyer does not cure a monetary default within twenty (20) business days after Buyer's receipt of such written notice, or if Buyer does not cure the material non-monetary default within thirty (30) days (or such longer period as reasonably necessary provided Buyer is diligently pursuing such cure to completion) after Buyer's receipt of such written notice, then Seller may terminate this Agreement by written notice of such termination to Buyer and Escrow Holder prior to the date that Buyer cures such default, in which case, subject to Section 22 below (i) the Deposit which has been released to Seller shall constitute Seller's liquidated damages in accordance with Section 11(d) below, (ii) this Agreement and the Escrow shall terminate and (iii) the parties shall have no further obligation to one another with respect to this Agreement, except as otherwise expressly provided herein.

(b) Seller's Default. If Seller is in material default of this Agreement (including, without limitation, as a result of a failure by Seller to satisfy, comply with or perform any material covenant, agreement or obligation on its part required within the time and in the manner required in this Agreement, or the inaccuracy of any material representation or warranty made by Seller in or pursuant to this Agreement), Buyer shall provide Seller with written notice of such material default. Seller shall have thirty (30) days (or such longer period as reasonably necessary provided Seller is diligently pursuing such cure to completion) after receipt of such notice to cure the material default. If Seller does not cure the material default within thirty (30) days (or such longer period as reasonably necessary provided Seller is diligently pursuing such cure to completion) after Seller's receipt of such written notice, then Buyer may (i) commence an action for specific performance of this Agreement; (ii) terminate this Agreement by written notice of such termination to Seller and Escrow Holder prior to the date Seller cures such default, in which case (A) Seller shall return to Buyer the Deposit released to Seller; and (B) Buyer shall be entitled to pursue any and all legal remedies to which it is entitled at law and in equity, including all actual damages incurred by Buyer; or (iii) pursue any other remedy available at law or in equity.

(c) Cancellation Charges. If a Closing does not occur due to the default of one of the parties, the defaulting party shall bear the sole and full liability for paying any escrow and title cancellation fees and charges. If the failure to close is not due to the default of one of the parties, the parties shall split equally any escrow and title cancellation fees and charges.

(d) LIQUIDATED DAMAGES. BUYER AND SELLER EACH AGREE THAT IN THE EVENT OF A MATERIAL DEFAULT HEREUNDER BY BUYER, WHICH MATERIAL DEFAULT IS NOT CURED WITHIN THE CURE PERIOD PROVIDED IN THIS AGREEMENT, THE DAMAGES TO SELLER WOULD BE EXTREMELY DIFFICULT AND IMPRACTICABLE TO ASCERTAIN, AND THEREFORE, IF ESCROW DOES NOT CLOSE DUE TO AN UNCURED MATERIAL DEFAULT BY BUYER, THE DEPOSIT PAID BY BUYER PRIOR TO SUCH DATE SHALL SERVE AS LIQUIDATED DAMAGES FOR SUCH MATERIAL DEFAULT BY BUYER, AS A REASONABLE ESTIMATE OF THE DAMAGES TO SELLER, INCLUDING COSTS OF NEGOTIATING AND DRAFTING THIS AGREEMENT, COSTS OF COOPERATING IN SATISFYING CONDITIONS TO CLOSING, COSTS OF SEEKING ANOTHER BUYER, OPPORTUNITY COSTS IN KEEPING THE PROPERTY OUT OF THE MARKETPLACE, AND OTHER COSTS INCURRED IN CONNECTION HEREWITH. RETENTION OF SUCH DEPOSIT BY SELLER SHALL BE SELLER'S SOLE AND EXCLUSIVE REMEDY AGAINST BUYER RELATING TO A FAILURE OF CLOSING DUE TO AN UNCURED MATERIAL DEFAULT BY BUYER, AND SELLER WAIVES ANY AND ALL RIGHT TO SEEK OTHER RIGHTS OR REMEDIES AGAINST BUYER, INCLUDING WITHOUT LIMITATION, SPECIFIC PERFORMANCE. THE PAYMENT AND RETENTION OF SUCH AMOUNT AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671, 1676 AND 1677. SELLER HEREBY WAIVES THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 3389.

Seller's Initials:  Buyer's Initials: _____

12. Time of Essence. Time is of the essence of every provision of this Agreement in which time is an element. Subject to Section 11 above, failure by one party to perform any obligation within the time and on the terms and conditions required hereunder shall discharge the other party's duties and obligations to perform hereunder upon written notice or demand from the other party.

13. Representations and Warranties of Buyer. Buyer hereby represents and warrants to Seller as follows, which representations and warranties shall be deemed to have been made again as of both the Closing Date and the Parcel 3 Transfer Date, as applicable, and which such representations and warranties of Seller shall survive each of the Closing and the Parcel 3 Transfer, as applicable:

(a) Buyer is a valid, legal and duly constituted limited liability company, organized and in good standing under the laws of the State of California, and the persons executing this Agreement and the documents at Closing on behalf of Buyer are and will be duly authorized so as to fully and legally bind Buyer.

(b) This Agreement has been, and on the date of Closing, all documents to be executed by Buyer hereunder will have been, duly authorized, executed and delivered by Buyer, and constitute and will constitute the valid and binding obligations of Buyer enforceable against it in accordance with their respective terms.

(c) No consent, approval or other authorization of, or registration, declaration or filing with, any governmental authority is required for the due execution and delivery of this Agreement, and/or any of the documents to be executed by Buyer hereunder, or for the performance by or the validity or enforceability thereof against Buyer, other than the recording or filing for recordation of the Deed, and the Parcel 3 Easement and obtaining the appropriate approval under the Subdivision Map Act and local regulations to permit the execution and delivery of the Parcel 3 Deed.

(d) Buyer is acquiring the Property "AS IS, WHERE IS" without representation by Seller except as expressly set forth in this Agreement or implied in the Deed, the Parcel 3 Deed and the Parcel 3 Easement, as applicable.

14. Representations and Warranties of Seller. Seller hereby represents and warrants to Buyer as follows, which representations and warranties shall be deemed to have been made again as of both the Closing Date and the Parcel 3 Transfer Date, as applicable, and which such representations and warranties of Seller shall survive each of the Closing and the Parcel 3 Transfer, as applicable:

(a) Each of DPLLCs has been duly organized, is validly existing and in good standing under the laws of the State of California, and the persons executing this Agreement and the documents at each of the Closing and the Parcel 3 Transfer Date, as applicable, on behalf of Seller are and will be duly authorized so as to fully and legally bind Seller.

Seller's Initials: _____ Buyer's Initials: _____

12. Time of Essence. Time is of the essence of every provision of this Agreement in which time is an element. Subject to Section 11 above, failure by one party to perform any obligation within the time and on the terms and conditions required hereunder shall discharge the other party's duties and obligations to perform hereunder upon written notice or demand from the other party.

13. Representations and Warranties of Buyer. Buyer hereby represents and warrants to Seller as follows, which representations and warranties shall be deemed to have been made again as of both the Closing Date and the Parcel 3 Transfer Date, as applicable, and which such representations and warranties of Seller shall survive each of the Closing and the Parcel 3 Transfer, as applicable:

(a) Buyer is a valid, legal and duly constituted limited liability company, organized and in good standing under the laws of the State of California, and the persons executing this Agreement and the documents at Closing on behalf of Buyer are and will be duly authorized so as to fully and legally bind Buyer.

(b) This Agreement has been, and on the date of Closing, all documents to be executed by Buyer hereunder will have been, duly authorized, executed and delivered by Buyer, and constitute and will constitute the valid and binding obligations of Buyer enforceable against it in accordance with their respective terms.

(c) No consent, approval or other authorization of, or registration, declaration or filing with, any governmental authority is required for the due execution and delivery of this Agreement, and/or any of the documents to be executed by Buyer hereunder, or for the performance by or the validity or enforceability thereof against Buyer, other than the recording or filing for recordation of the Deed, and the Parcel 3 Easement and obtaining the appropriate approval under the Subdivision Map Act and local regulations to permit the execution and delivery of the Parcel 3 Deed.

(d) Buyer is acquiring the Property "AS IS, WHERE IS" without representation by Seller except as expressly set forth in this Agreement or implied in the Deed, the Parcel 3 Deed and the Parcel 3 Easement, as applicable.

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(a) Each of DPLLCs has been duly organized, is validly existing and in good standing under the laws of the State of California, and the persons executing this Agreement and the documents at each of the Closing and the Parcel 3 Transfer Date, as applicable, on behalf of Seller are and will be duly authorized so as to fully and legally bind Seller.

Seller's Initials: SPW Buyer's Initials: _____

12. Time of Essence. Time is of the essence of every provision of this Agreement in which time is an element. Subject to Section 11 above, failure by one party to perform any obligation within the time and on the terms and conditions required hereunder shall discharge the other party's duties and obligations to perform hereunder upon written notice or demand from the other party.

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(a) Buyer is a valid, legal and duly constituted limited liability company, organized and in good standing under the laws of the State of California, and the persons executing this Agreement and the documents at Closing on behalf of Buyer are and will be duly authorized so as to fully and legally bind Buyer.

(b) This Agreement has been, and on the date of Closing, all documents to be executed by Buyer hereunder will have been, duly authorized, executed and delivered by Buyer, and constitute and will constitute the valid and binding obligations of Buyer enforceable against it in accordance with their respective terms.

(c) No consent, approval or other authorization of, or registration, declaration or filing with, any governmental authority is required for the due execution and delivery of this Agreement, and/or any of the documents to be executed by Buyer hereunder, or for the performance by or the validity or enforceability thereof against Buyer, other than the recording or filing for recordation of the Deed, and the Parcel 3 Easement and obtaining the appropriate approval under the Subdivision Map Act and local regulations to permit the execution and delivery of the Parcel 3 Deed.

(d) Buyer is acquiring the Property "AS IS, WHERE IS" without representation by Seller except as expressly set forth in this Agreement or implied in the Deed, the Parcel 3 Deed and the Parcel 3 Easement, as applicable.

14. Representations and Warranties of Seller. Seller hereby represents and warrants to Buyer as follows, which representations and warranties shall be deemed to have been made again as of both the Closing Date and the Parcel 3 Transfer Date, as applicable, and which such representations and warranties of Seller shall survive each of the Closing and the Parcel 3 Transfer, as applicable:

(a) Each of DPLLCs has been duly organized, is validly existing and in good standing under the laws of the State of California, and the persons executing this Agreement and the documents at each of the Closing and the Parcel 3 Transfer Date, as applicable, on behalf of Seller are and will be duly authorized so as to fully and legally bind Seller.

Seller's Initials: _____ Buyer's Initials: _____

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(a) Buyer is a valid, legal and duly constituted limited liability company, organized and in good standing under the laws of the State of California, and the persons executing this Agreement and the documents at Closing on behalf of Buyer are and will be duly authorized so as to fully and legally bind Buyer.

(b) This Agreement has been, and on the date of Closing, all documents to be executed by Buyer hereunder will have been, duly authorized, executed and delivered by Buyer, and constitute and will constitute the valid and binding obligations of Buyer enforceable against it in accordance with their respective terms.

(c) No consent, approval or other authorization of, or registration, declaration or filing with, any governmental authority is required for the due execution and delivery of this Agreement, and/or any of the documents to be executed by Buyer hereunder, or for the performance by or the validity or enforceability thereof against Buyer, other than the recording or filing for recordation of the Deed, and the Parcel 3 Easement and obtaining the appropriate approval under the Subdivision Map Act and local regulations to permit the execution and delivery of the Parcel 3 Deed.

(d) Buyer is acquiring the Property "AS IS, WHERE IS" without representation by Seller except as expressly set forth in this Agreement or implied in the Deed, the Parcel 3 Deed and the Parcel 3 Easement, as applicable.

14. Representations and Warranties of Seller. Seller hereby represents and warrants to Buyer as follows, which representations and warranties shall be deemed to have been made again as of both the Closing Date and the Parcel 3 Transfer Date, as applicable, and which such representations and warranties of Seller shall survive each of the Closing and the Parcel 3 Transfer, as applicable:

(a) Each of DPLLCs has been duly organized, is validly existing and in good standing under the laws of the State of California, and the persons executing this Agreement and the documents at each of the Closing and the Parcel 3 Transfer Date, as applicable, on behalf of Seller are and will be duly authorized so as to fully and legally bind Seller.

Seller's Initials: _____ Buyer's Initials: 

12. Time of Essence. Time is of the essence of every provision of this Agreement in which time is an element. Subject to Section 11 above, failure by one party to perform any obligation within the time and on the terms and conditions required hereunder shall discharge the other party's duties and obligations to perform hereunder upon written notice or demand from the other party.

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(a) Buyer is a valid, legal and duly constituted limited liability company, organized and in good standing under the laws of the State of California, and the persons executing this Agreement and the documents at Closing on behalf of Buyer are and will be duly authorized so as to fully and legally bind Buyer.

(b) This Agreement has been, and on the date of Closing, all documents to be executed by Buyer hereunder will have been, duly authorized, executed and delivered by Buyer, and constitute and will constitute the valid and binding obligations of Buyer enforceable against it in accordance with their respective terms.

(c) No consent, approval or other authorization of, or registration, declaration or filing with, any governmental authority is required for the due execution and delivery of this Agreement, and/or any of the documents to be executed by Buyer hereunder, or for the performance by or the validity or enforceability thereof against Buyer, other than the recording or filing for recordation of the Deed, and the Parcel 3 Easement and obtaining the appropriate approval under the Subdivision Map Act and local regulations to permit the execution and delivery of the Parcel 3 Deed.

(d) Buyer is acquiring the Property "AS IS, WHERE IS" without representation by Seller except as expressly set forth in this Agreement or implied in the Deed, the Parcel 3 Deed and the Parcel 3 Easement, as applicable.

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(a) Each of DPLLCs has been duly organized, is validly existing and in good standing under the laws of the State of California, and the persons executing this Agreement and the documents at each of the Closing and the Parcel 3 Transfer Date, as applicable, on behalf of Seller are and will be duly authorized so as to fully and legally bind Seller.

(b) Seller is the owner of the Land and the Seller Land and has the full right and authority to enter into this Agreement, to transfer all of the Land and to consummate or cause to be consummated the transaction contemplated by this Agreement with respect to the Land and the Seller Land.

(c) This Agreement has been, and on the date of both the Closing Date and the Parcel 3 Transfer Date, as applicable, all documents to be executed by Seller hereunder will have been, duly authorized, executed and delivered by Seller and constitute and will constitute the valid and binding obligations of Seller, enforceable against it in accordance with their respective terms.

(d) No consent, approval or other authorization of, or registration, declaration or filing with, any governmental authority is required for the due execution and delivery of this Agreement, and/or any of the documents to be executed by Seller hereunder, or for the performance by or the validity or enforceability thereof against Seller, other than the recording or filing for recordation of the Deed, and the Parcel 3 Easement and obtaining the appropriate approval under the Subdivision Map Act and local regulations to permit the execution and delivery of the Parcel 3 Deed.

(e) Except as disclosed herein, Seller has not made any commitments to third parties (including, without limitation, governmental entities or adjoining landowners) with respect to the future use of the Land, and there are no written or oral agreements, arrangements, or understandings under which Seller is or could become obligated to convey any interest in the Land to a third party.

(f) The execution and delivery of this Agreement, and all other documents to be executed by Seller hereunder, compliance with the provisions hereof and thereof and the consummation of the transactions contemplated hereunder and thereunder will not result in (i) a breach or violation of (A) any governmental requirement applicable to Seller or the Land now in effect; (B) the organizational documents of Seller; (C) any judgment, order or decree of any governmental authority binding upon Seller; or (D) any agreement or instrument to which Seller is a party or by which it is bound or (ii) the creation of any lien, encumbrance or other matter affecting title to the Land.

(g) There is no litigation, action, suit, arbitration, unsatisfied order or judgment, government investigation or proceeding (whether relating to condemnation, land use issues or otherwise) pending or, to Seller's best knowledge, threatened against Seller or the Land which, if adversely determined, could individually or in the aggregate materially interfere with the consummation of the transactions contemplated by this Agreement or would materially affect the Land.

(h) Seller has not received written notice that the Land is in violation of any applicable laws, ordinances, rules, regulations, judgments, orders or covenants, conditions and restrictions, whether federal, state, local or private. Seller has not received any written request to modify or terminate any use of the Land from a governmental or quasi-governmental authority.

15. No Brokers. Buyer and Seller each acknowledge that neither party has engaged a broker with respect to the transactions contemplated by this Agreement. Each party hereto agrees that if any person or entity makes a claim for brokerage commissions or finder's fees related to the sale of the Land by Seller to Buyer, and such claim is made by, through or on account of any acts or alleged acts of said party or its representatives, said party will protect, indemnify, defend and hold the other party free and harmless from and against any and all loss, liability, cost, damage and expense (including reasonable attorneys' fees) in connection therewith. The provisions of this paragraph shall survive both the Closing Date and the Parcel 3 Transfer Date and any termination of this Agreement.

16. Waiver, Consent and Remedies. Each provision of this Agreement to be performed by either party shall be deemed both a covenant and a condition and shall be a material consideration for the other party's performance hereunder, and any breach thereof by either party shall be deemed a material default hereunder. Either party may specifically and expressly waive in writing any portion of this Agreement or any breach thereof, but no such waiver shall constitute a further or continuing waiver of any preceding or succeeding breach of the same or any other provision. The consent by one party to any act by the other for which such consent was required shall not be deemed to imply consent or waiver of the necessity of obtaining such consent for the same or any similar acts in the future. No waiver or consent shall be implied from silence or any failure of a party to act, except as otherwise specified in this Agreement. Subject to Section 11above, all rights, remedies, undertakings, obligations, options, covenants, conditions and agreements contained in this Agreement shall be cumulative and no one of them shall be exclusive of any other. Subject to Section 11above, either party may pursue any one or more of its rights, options or remedies hereunder or may seek damages in the event of the other party's breach hereunder, or may pursue any other remedy at law or equity, whether or not stated in this Agreement.

17. Miscellaneous.

(a) Notices. Any notices or other communications to be given or other documents to be delivered by any party hereto may be delivered in person to such party, or may be deposited in the United States mail, duly certified or registered, return receipt requested, with postage prepaid or delivered by Express Mail of the U.S. Postal Service or Federal Express or any other courier guaranteeing overnight delivery, charges prepaid. Notices and other communications may also be transmitted by facsimile. All notices, communications and/or payments should be addressed to the party for whom intended, as follows:

Seller: Mountain Mist Ridge, LLC
2927 De la Vina Street, Suite C
Santa Barbara, CA 93105
Facsimile: (805) 569-7032
Attention: James Franzen

Moonlight Reflections, LLC
2927 De la Vina Street, Suite C
Santa Barbara, CA 93105
Facsimile: (805) 569-7032
Attention: James Franzen

DP Sunset, LLC
9001 Calle Real
Goleta, CA 93117
Attention: Henry Schulte

James R. Franzen, Trustee
Stephen R. Welch, Trustee
Howard M. Simon, Trustee
2927 De la Vina Street, Suite C
Santa Barbara, CA 93105
Facsimile: (805) 569-7032

Buyer: Santa Barbara Ranch, LLC
18401 Von Karman, Suite 350
Irvine, California 92612
Facsimile: (949) 253-7139
Attention: Matt Osgood

Title Company: Chicago Title Company
1101 Anacapa St.
Santa Barbara, CA 93101
Facsimile: (805) 564-7488
Attention: Leslee Colunga

Any party hereto may from time to time, by written notice to the other, designate a different address which shall be substituted for the one above specified. Any notice, document or payment sent by registered or certified mail shall be deemed served or delivered seventy-two (72) hours after the mailing thereof as above provided. Any notice, document or payment sent by overnight service shall be deemed delivered twenty-four (24) hours after delivery of the same, charges prepaid, to the carrier. If any notice is transmitted by facsimile transmission or similar means, the same shall be deemed served or delivered upon confirmation of transmission thereof. Any notice or other document sent by any other manner shall be effective only upon actual receipt thereof.

(b) Attorneys' Fees. In the event of any action or proceeding instituted between Seller, Buyer and/or Escrow Holder in connection with this Agreement, then as between Buyer and Seller, the prevailing party shall be entitled to recover from the losing party all of its costs and expenses, including, without limitation, court costs, all costs of appeals and reasonable attorneys' fees.

(c) Entire Agreement. This Agreement, including the exhibits and schedules hereto, contains the entire agreement between the parties hereto pertaining to the subject matter hereof and fully supersedes all prior written or oral agreements and understandings between the parties pertaining to such subject matter.

(d) Further Assurances. Each party agrees that it will execute and deliver such other documents and take such other action, whether prior or subsequent to the Closing or the Parcel 3 Transfer Date, as applicable, as may be reasonably requested by the other party to consummate the transactions contemplated by this Agreement. The provisions of this subsection shall survive Closing.

(e) Captions. The captions used herein are for convenience only and are not a part of this Agreement and do not in any way limit or amplify the terms and provisions hereof.

(f) Governing Law. This Agreement and the exhibits attached hereto have been negotiated and executed in the State of California and shall be governed by and construed under the laws of the State of California.

(g) Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall nonetheless remain in full force and effect; provided that the invalidity or unenforceability of such provision does not materially adversely affect the benefits accruing to any party hereunder.

(h) Amendments. No addition to or modification of any provision contained in this Agreement shall be effective unless fully set forth in writing by both Buyer and Seller.

(i) Counterparts; Facsimile Signatures. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument. In order to expedite the transaction contemplated herein, telecopied signatures may be used in place of original signatures on this Agreement or any document delivered pursuant hereto, and Seller and Buyer intend to be bound by the signatures on the telecopied document.

(j) Binding Agreement. Except as stated otherwise in this Agreement or in the exhibits hereto, his Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

(k) Joint and Several. The liability of each person or entity comprising Seller under this Agreement shall be joint and several.

(l) Construction. The parties acknowledge that each party and its counsel have reviewed and approved this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments or exhibits hereto.

18. Condemnation. If prior to the Closing, any portion of the Land is taken by any entity by condemnation or with the power of eminent domain, or if the access thereto is materially reduced or restricted thereby (or is the subject of a pending taking which has not yet been consummated), Seller shall immediately notify Buyer of such fact. In such event, Buyer shall have the right, in Buyer's sole and absolute discretion, to terminate this Agreement upon written notice to Seller and Escrow Holder not later than twenty (20) business days after receipt of Seller's notice thereof. If this Agreement is so terminated, all documents and funds shall be returned by Escrow Holder to each party who so deposited the same, Seller shall immediately return to Buyer the Deposit which has been released to Seller, and neither party shall have any further rights or obligations hereunder, except for payment of escrow cancellation fees, which shall be borne equally by Buyer and Seller. If Buyer fails to terminate this Agreement within such twenty (20) business day period, Buyer shall be deemed to have elected to proceed to consummate the transaction herein, in which event (a) Seller shall be entitled to receive and keep, any and all awards up to the amount of the Purchase Price made or to be made in connection with such condemnation or eminent domain, (b) the Purchase Price shall be reduced by an amount equal to any awards made or to be made, (c) Seller shall assign and turn over and Buyer shall be entitled to receive and keep, the amounts of any awards above the Purchase Price, and (iv) the parties shall proceed to the Closing pursuant to the terms hereof.

19. Transfer and Leases Prohibited. Without the prior written approval of Buyer (which approval may be granted or withheld in Buyer's sole discretion), Seller shall not (a) enter into any lease or similar agreement for the Land or any portion thereof, (b) sell, agree to sell or grant any option to purchase all or any portion of the Land, (c) grant any easements, rights of way or similar restrictions affecting the Land, or (iv) otherwise take any actions, or permit any actions to be taken, that affect the physical condition of, or title to, the Land. The foregoing provision shall not prohibit Seller from selling, conveying, contracting to sell, leasing, granting an option on or otherwise affecting the North Seller Land provided that any such transaction is expressly made subject to the provisions of this Agreement and the exhibits hereto that pertain to or affect the North Seller Land.

20. Survival Clause. Any provision of this Agreement which pertains to any action, restriction, covenant, warranty or representation by a party or the parties after the Closing and/or Parcel 3 Transfer Date shall survive the Closing and/or Parcel 3 Transfer Date.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written and such date shall be deemed the date of this Agreement.

SELLER:

MOUNTAIN MIST RIDGE, LLC, a California limited liability company

By: _____
Its: VICE PRESIDENT

MOONLIGHT REFLECTIONS, LLC, a California limited liability company

By: _____
Its: VICE PRESIDENT

DP SUNSET, LLC, a California limited liability company

By: _____
Its: Manager

JAMES H. FRANZEN, AS TRUSTEE OF THE RUDOLF SCHULTE TRUST, U/A/D 3/22/91

By: _____
Its: _____

STEPHEN R. WELCH, AS TRUSTEE OF THE RUDOLF SCHULTE TRUST, U/A/D 3/22/91

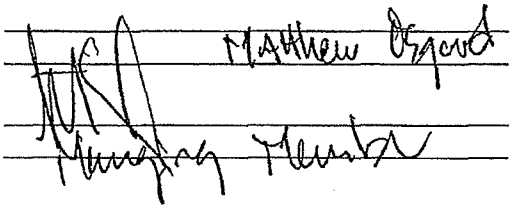
By: _____
Its: _____

HOWARD M. SIMON, AS TRUSTEE OF THE RUDOLF SCHULTE TRUST, U/A/D 3/22/91

By: _____
Its: _____

BUYER:

SANTA BARBARA RANCH, LLC, a California limited liability company

By: 
Its:

By:
Its:

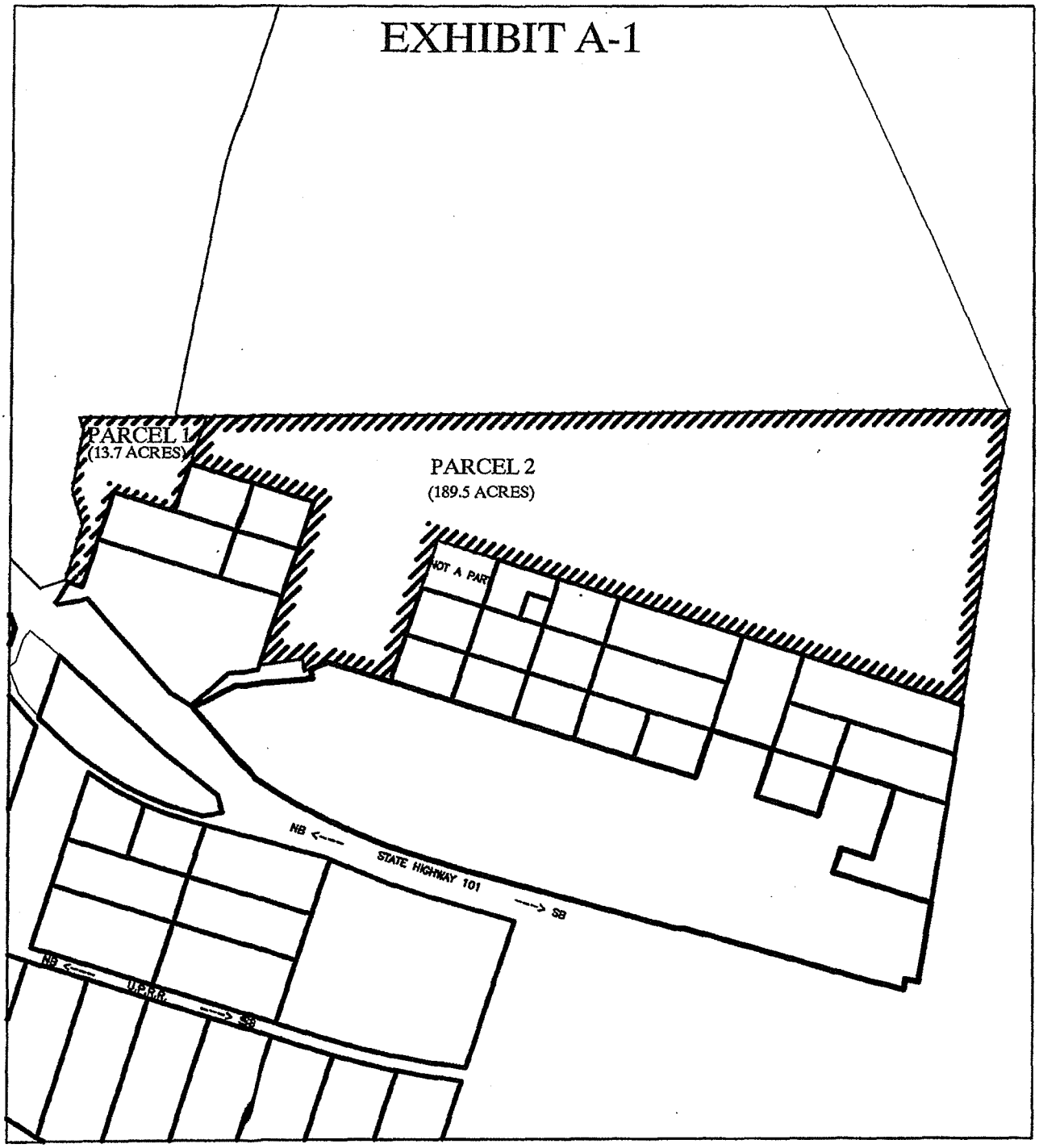
Escrow Holder hereby certifies that Escrow opened as of the 24th day of October, 2007 as Escrow Number 7760215BLC

CHICAGO TITLE COMPANY

By:
Its: Sr. Escrow Officer

EXHIBITS A-1 to A-7 J

EXHIBIT A-1



SCALE IN FEET

0 1000 2000

L P CONSULTANTS

3 WEST CARRILLO STREET
SUITE 205
SANTA BARBARA, CA 93101
(805) 962-4611

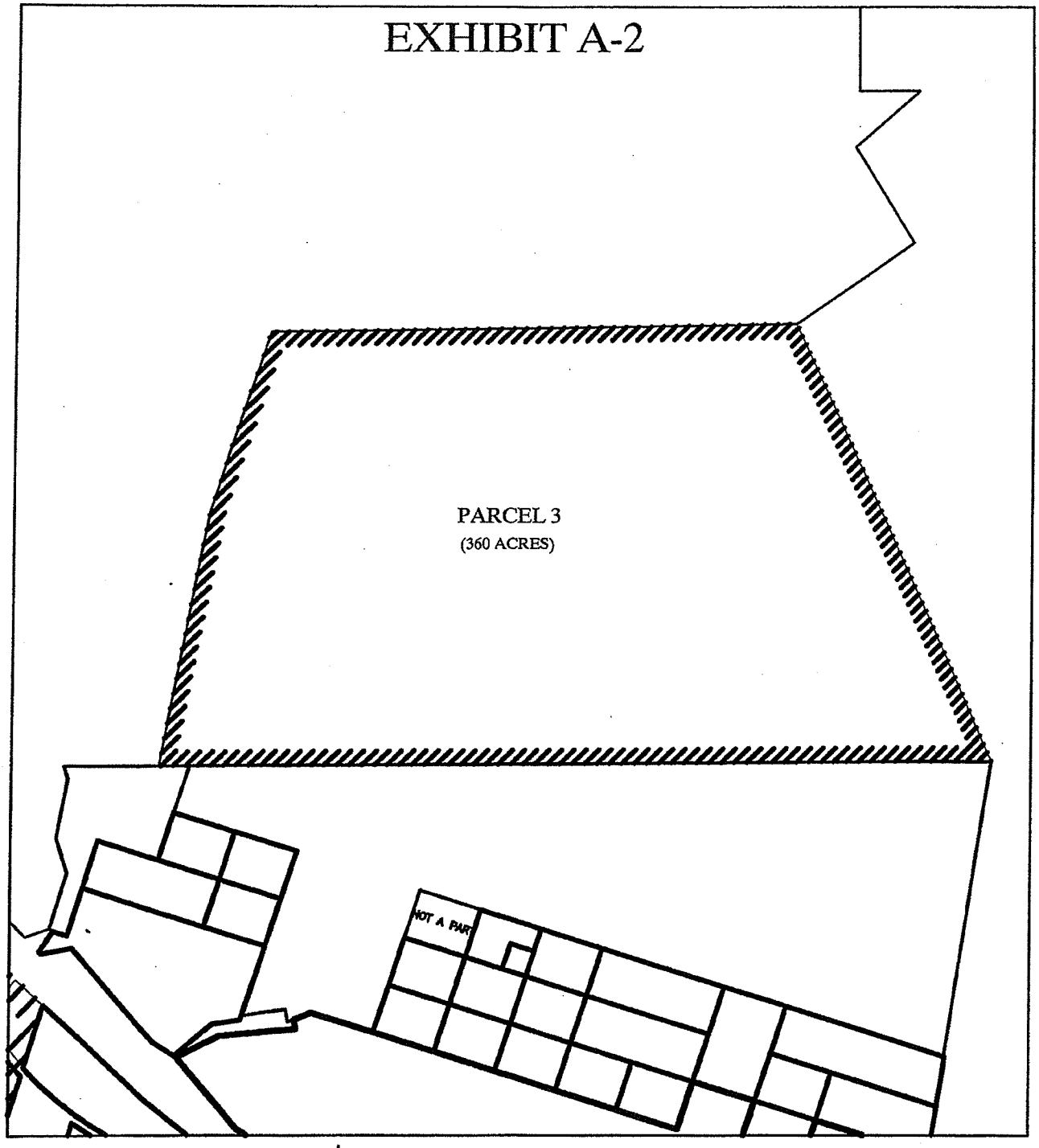
P.N. 01-003.03 1"=1000'

EXHIBIT A-1
PARCELS 1 AND 2
DOS PUEBLOS RANCH

COUNTY OF SANTA BARBARA, CALIFORNIA

PA EXH 09-07

EXHIBIT A-2



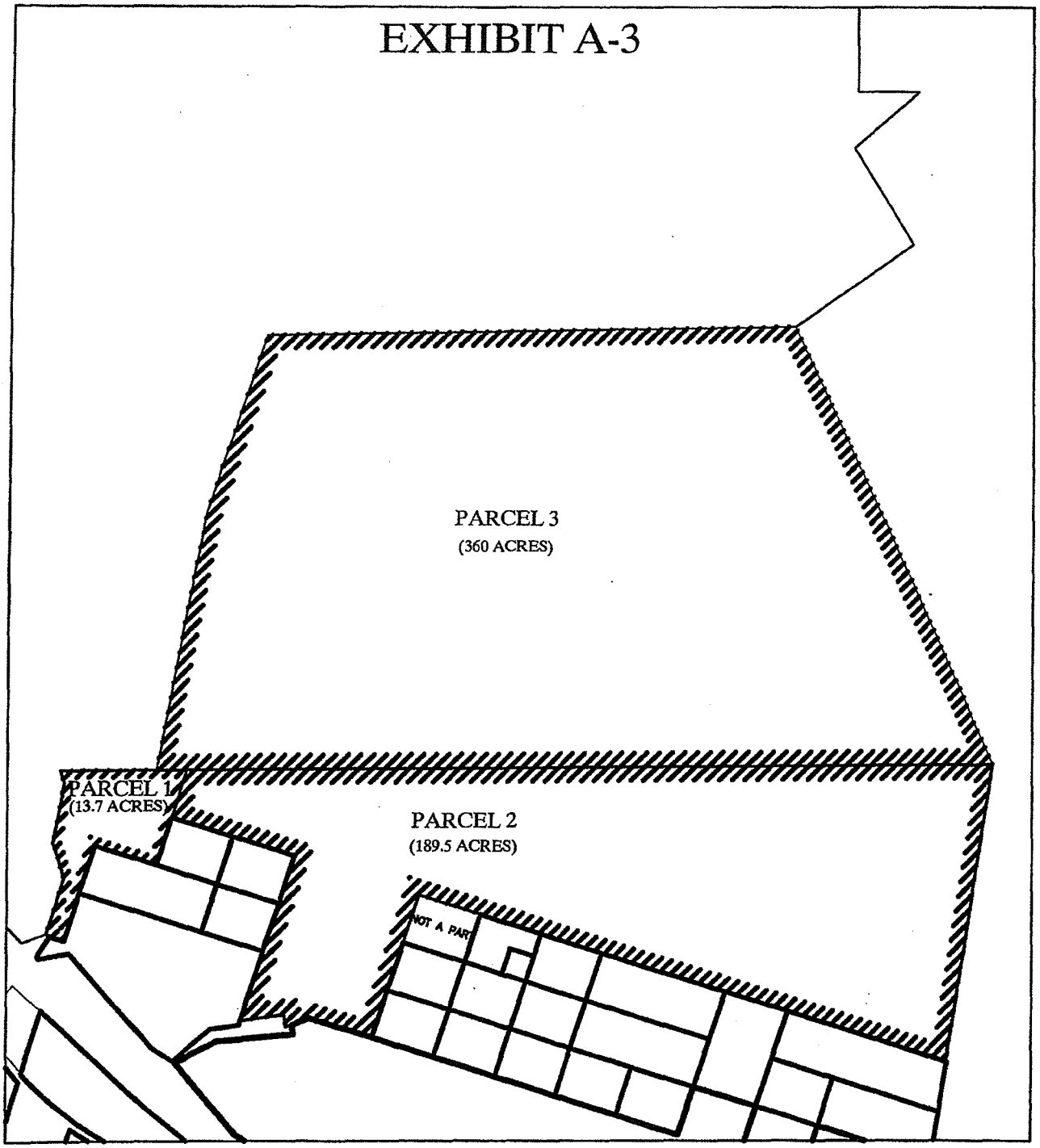
L P CONSULTANTS
3 WEST CARRILLO STREET
SUITE 205
SANTA BARBARA, CA 93101
(805) 962-4611

SCALE IN FEET
0 1000 2000

EXHIBIT A-2
PARCEL 3
DOS PUEBLOS RANCH
COUNTY OF SANTA BARBARA, CALIFORNIA

P.N. 01-003.03 1"=1000' PA EXH 09-07

EXHIBIT A-3



L P CONSULTANTS

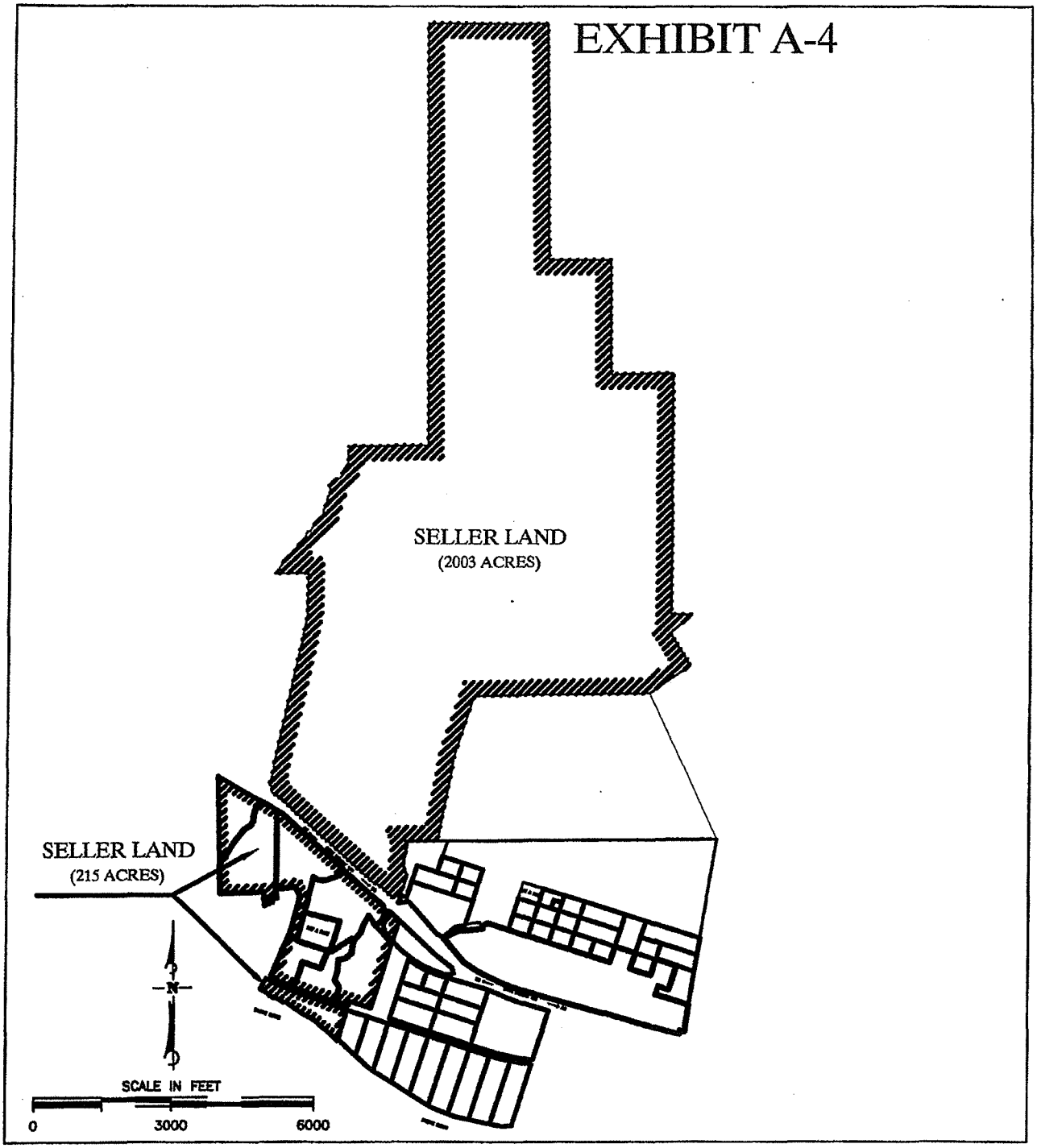
3 WEST CARRILLO STREET
SUITE 205
SANTA BARBARA, CA 93101
(805) 962-4611

SCALE IN FEET
0 1000 2000

EXHIBIT A-3
LAND
DOS PUEBLOS RANCH
COUNTY OF SANTA BARBARA, CALIFORNIA

P.N. 01-003.03 1"=1000' PA EXH 09-07

EXHIBIT A-4



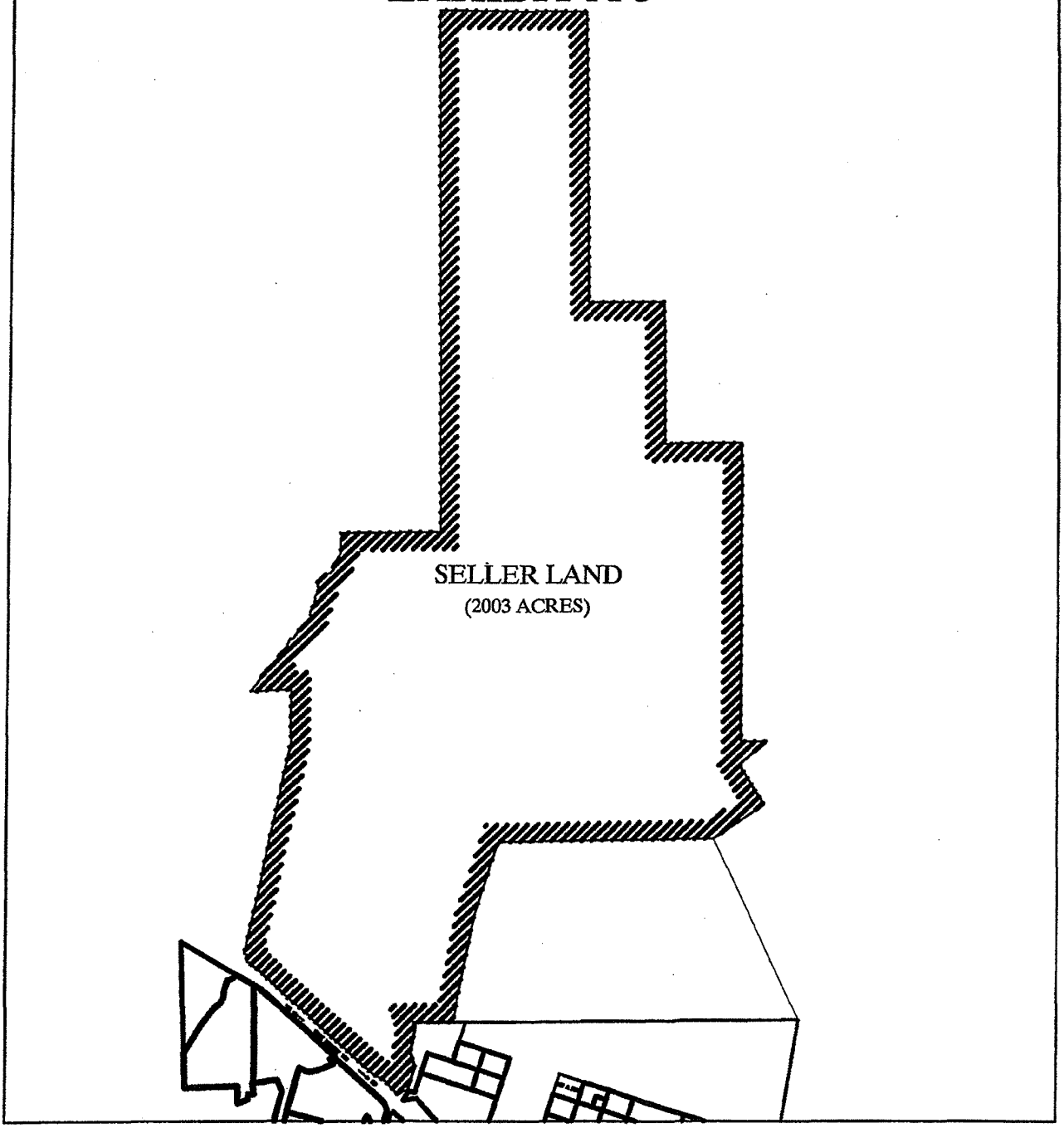
L P CONSULTANTS
3 WEST CARRILLO STREET
SUITE 205
SANTA BARBARA, CA 93101
(805) 962-4611

P.N. 01-003.03 1"=3000'

EXHIBIT A-4
SELLER LAND
DOS PUEBLOS RANCH
COUNTY OF SANTA BARBARA, CALIFORNIA

PA EXH 09-07

EXHIBIT A-5



L P CONSULTANTS
3 WEST CARRILLO STREET
SUITE 205
SANTA BARBARA, CA 93101
(805) 962-4611

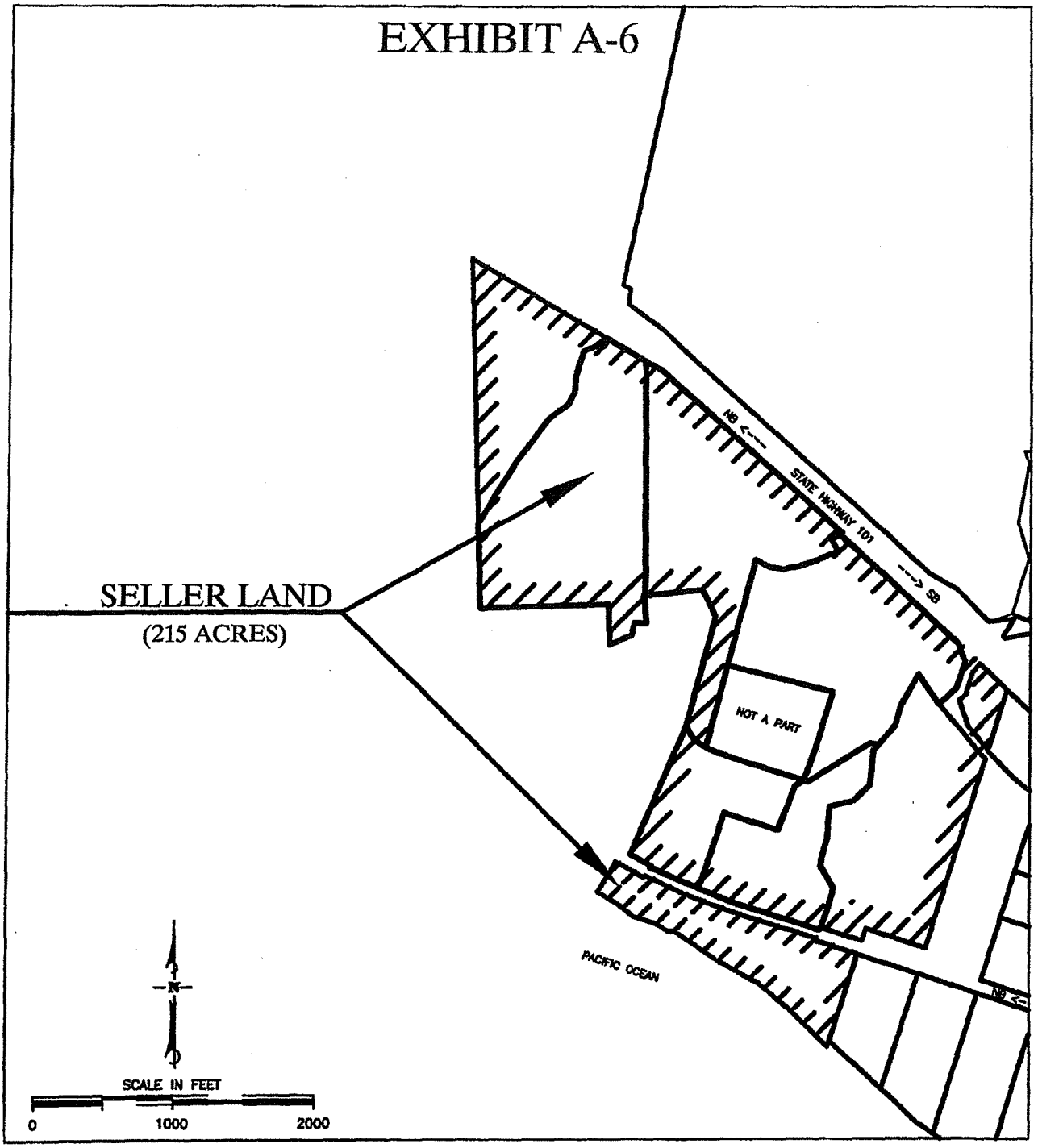
SCALE IN FEET
0 2500 5000

P.N. 01-003.03 1"=2500'

EXHIBIT A-5
NORTH SELLER LAND
DOS PUEBLOS RANCH
COUNTY OF SANTA BARBARA, CALIFORNIA

PA EXH 09-07

EXHIBIT A-6



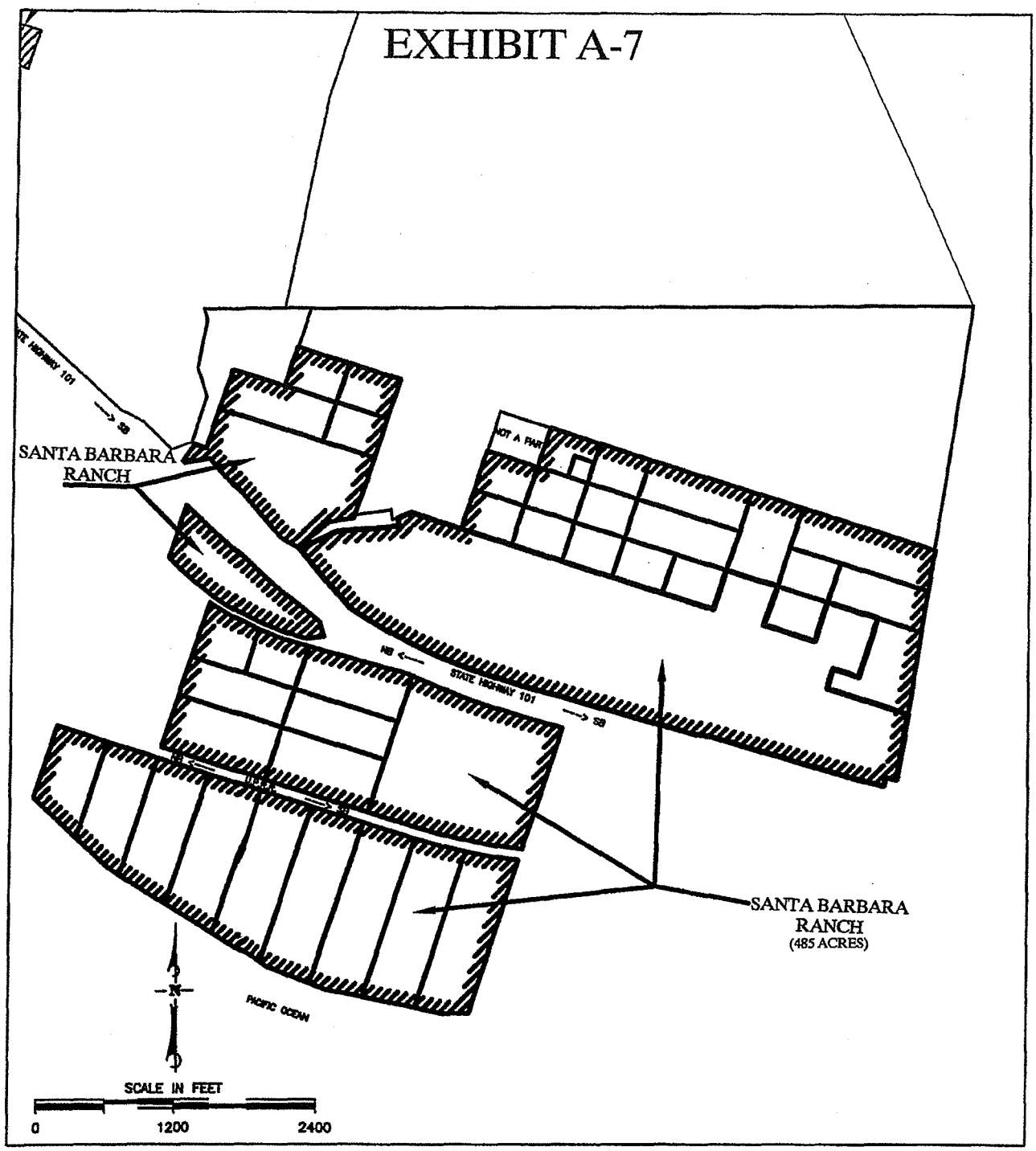
L P CONSULTANTS
3 WEST CARRILLO STREET
SUITE 205
SANTA BARBARA, CA 93101
(805) 962-4611

P.N. 01-003.03 1"=1000'

EXHIBIT A-6
SOUTH SELLER LAND
DOS PUEBLOS RANCH

COUNTY OF SANTA BARBARA, CALIFORNIA

PA EXH 09-07



L P CONSULTANTS

3 WEST CARRILLO STREET
SUITE 205
SANTA BARBARA, CA 93101
(805) 962-4611

P.N. 01-003.03 1"=1200'

EXHIBIT A-7

SANTA BARBARA RANCH

COUNTY OF SANTA BARBARA, CALIFORNIA

PA EXH 09-07